Note: This document has been translated from the Japanese original for the convenience of non-Japanese shareholders. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.

Securities code: 9201

May 26, 2015

NOTICE OF THE 66th ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders,

You are cordially invited to attend the 66th Ordinary General Meeting of Shareholders of Japan Airlines Co., Ltd. (the "Company"), which will be held on Wednesday, June 17, 2015, as described hereunder.

If you are unable to attend the meeting, please review the attached Reference Documents for General Meeting of Shareholders, and please exercise your voting rights no later than 6:00 p.m., Tuesday, June 16, 2015 by either procedure described in "Guide for Exercising Voting Rights" on page 2.

Sincerely yours,

Yoshiharu Ueki
Representative Director, President
Japan Airlines Co., Ltd.
2-4-11 Higashi-Shinagawa, Shinagawa-ku, Tokyo

MEETING DETAILS

1. Date and Time: 10:00 a.m., Wednesday, June 17, 2015 (The reception starts at 8:30 a.m.)

2. Venue: NIPPON BUDOKAN

2-3 Kitanomaru Koen, Chiyoda-ku, Tokyo

3. Agenda:

Items to be reported:

1. Business Report and Consolidated Financial Statements for the 66th Fiscal Year (April 1, 2014 to March 31, 2015); and Audit Reports of the Accounting Auditors and Board of Corporate Auditors regarding the Consolidated Financial Statements
2. Non-consolidated Financial Statements for the 66th Fiscal Year (April 1, 2014 to March 31, 2015)

Items to be proposed:

Proposal 1: Appropriation of Surplus

Proposal 2: Partial Amendment to the Articles of Incorporation

Proposal 3: Election of Nine (9) Directors

4. Predetermined Terms of the Convocation

- If you exercise your voting rights via the Internet or by mail more than once, your final vote shall prevail.
- If you exercise your voting rights both by mail and via the Internet, your vote via the Internet shall prevail regardless of the arrival date and time.

- There are no souvenirs available for shareholders attending the shareholders' meeting. It is prohibited to bring any dangerous items or PET bottles etc. into the meeting place. We would appreciate your understanding.
- If you exercise your voting rights by a proxy, a written power of attorney must be submitted together with the enclosed Voting Form at the reception desk on the day of the General Meeting of Shareholders. In accordance with the Articles of Incorporation of the Company, a proxy must be another shareholder of the Company who also owns voting rights.
- In order to save resources, please bring this "Notice of Convocation."
- If it becomes necessary to amend any item to be listed in the reference documents for the general meeting of shareholders, business report, consolidated financial statements, and non-consolidated financial statements occurs, we will notify you of the amendment(s) on the Company's website (http://www.jal.com/ja/investor/stockholders_meeting/).

[Guide for Exercising Voting Rights]

- In case you attend the meeting

  Please kindly submit the enclosed Voting Form at the reception desk on the day of the General Meeting of Shareholders.

- In case you are not available to attend the meeting

  1. Exercise by mail

     Please indicate your votes for or against the Items on the enclosed Voting Form and return it to the Company no later than 6:00 p.m., Tuesday, June 16, 2015.

  2. Exercise via the Internet

  Please review "The Voting Rights Exercise via the Internet" below and exercise your voting rights no later than 6:00 p.m., Tuesday, June 16, 2015.

The Voting Rights Exercise via the Internet

If exercising voting rights via the Internet, please review the items below and exercise your voting rights. Voting rights may be exercised by 6:00 p.m. on Tuesday, June 16, 2015, but shareholders are requested to do so as early as possible. If you have any questions, please contact the Help Desk *(only in Japanese)*.

1. Voting Rights Exercise via the Internet

Voting rights via the Internet may be exercised only by accessing the designated voting rights exercise website. (Please note that the website is unavailable from 2:00 a.m. through 5:00 a.m. every day. Please note that the shareholders' Internet usage environment may prevent the use of a personal computer or smart-phone to exercise voting rights.)

[Voting rights exercise site] http://www.evote.jp/

(1) Enter your "Login ID" and "Temporary Password," both of which are noted on the Voting Form. Follow the instructions on your computer screen to exercise your voting rights.

(2) If you exercise the voting rights both by mail and via the Internet, the exercise of the voting rights via the Internet will be treated as effective. If you exercise the voting rights multiple times via the Internet, the final exercise of the voting rights will be treated as effective.

(3) The fees for accessing the voting rights exercise site (such as internet connection fees or telecommunication fees etc.) shall be borne by the shareholder.

2. Handling of Passwords

(1) You will be provided with a new "Login ID" and "Temporary Password" each time a General Meeting of Shareholders is convened.

(2) Please keep your password safe as it is the means by which the identity of the shareholder exercising the voting rights is verified. Any inquiry about the password by telephone or other means will not be accepted.

3. Contact for inquiries regarding the Voting Rights Exercise via the Internet (Help Desk)

Stock Transfer Agency Department
Mitsubishi UFJ Trust and Banking Corporation

(1) Inquiries about the operation of Personal Computer etc.
Phone: 0120-173-027 (toll free (Only within Japan))
Open: 9:00 am to 9:00 pm (Japan Time)

(2) Inquiries about the matters except (1) above
Phone: 0120-232-711 (toll free (Only within Japan))
Open: 9:00 am to 5:00 pm (Japan Time) (Except Saturdays, Sundays and holidays)

For Institutional Investors

Provided that an application to use the platform has been submitted beforehand, institutional investors may use the electronic platform for exercising voting rights operated by ICJ, Inc., in which Tokyo Stock Exchange Inc. has a stake.

Table of Contents

Reference Documents for General Meeting of Shareholders

Proposals and Reference Information

Proposal 1: Appropriation of Surplus

Returning profits to our shareholders is one of the management top priorities. It is our fundamental policy to maintain consistent stable distribution of profits to our shareholders in the form of dividends, while executing capital expenditures to respond to business growth in the future and changes in business conditions, and ensuring internal reserves for building a strong financial structure.

Under this policy, the Company proposes to pay year-end dividends for the current fiscal year as follows:

1. Type of dividend property

   Cash

2. Allocation of dividend property to our shareholders and total amount thereof

   104 yen per common share of the Company

   Total amount of dividends: 37,707,055,672 yen

   (Note) The Company conducted a stock split of common stock at a ratio of two shares for every share on the effective date of October 1, 2014.

3. Effective date for dividend of surplus

   June 18, 2015

Effective from the current fiscal year, the Company has changed its policy from targeting a dividend payout ratio of approximately 20% of consolidated net income for the full fiscal year, excluding the impact of income taxes-deferred for the payment of dividends, to targeting a dividend payout ratio of approximately 25% of consolidated net income for the full fiscal year, excluding the impact of income taxes-deferred for the payment of dividends. The Company made the change in light of the steady progress it is making in its work to strengthen its level of financial stability.

For the current fiscal year, the Company has decided to pay a dividend of 104 yen per share based on a comprehensive consideration of factors such as its business results and financial position in the current fiscal year and the future operating environment.

Proposal 2: Partial Amendment to the Articles of Incorporation

1. Reason for the proposal

   Following a revision to the Companies Act enforced on May 1, 2015, it is now permitted to enter into limited liability agreements with Directors (excluding those who are Executive Directors, etc.) and Audit & Supervisory Board Members who are not External Officers by stipulating as such in the Articles of Incorporation. Accordingly, from the perspective of ensuring flexibility in securing personnel, the Company proposes that the required amendments be made to Articles 37 and 43 of the current Articles of Incorporation. In this proposal, the agreement of all Audit & Supervisory Board Members has been obtained regarding submitting the amendment to Article 37 of the current Articles of Incorporation at this general meeting of shareholders.

2. Details of the amendments

   Details of the amendments are as follows:

(Underlined parts represent changes.)

Existing provisions	Proposed amendments
(Exemption of Directors from Liabilities) Article 37 1. In accordance with the provisions of Article 426 (1) of the Companies Act, the Company, by means of a resolution of the Board of Directors, may exempt its Directors (including former Directors) from liability for compensation for damages to the extent permitted by law. 2. In accordance with the provision of Article 427 (1) of the Companies Act, the Company may conclude contracts with its outside Directors to limit their liability for compensation for damages; provided however, that the limit to damages paid in accordance with such contracts shall be as provided by law.	(Exemption of Directors from Liabilities) Article 37 1. In accordance with the provisions of Article 426 (1) of the Companies Act, the Company, by means of a resolution of the Board of Directors, may exempt its Directors (including former Directors) from liability for compensation for damages to the extent permitted by law. 2. In accordance with the provision of Article 427 (1) of the Companies Act, the Company may conclude contracts with its Directors (excluding those who are Executive Directors, etc. stipulated in Article 2 (15) (a) of the Companies Act) to limit their liability for compensation for damages; provided however, that the limit to damages paid in accordance with such contracts shall be as provided by law.
(Exemption of Audit & Supervisory Board Members from Liabilities) Article 43 1. In accordance with the provisions of Article 426 (1) of the Companies Act, the Company, by means of a resolution by the Board of Directors, may exempt its Audit & Supervisory Board Members (including former Audit & Supervisory Board Members) from liability for compensation for damages within the limit stipulated by law. 2. In accordance with the provision of Article 427 (1) of the Companies Act, the Company may conclude contracts with its outside Audit & Supervisory Board Members to limit their liability for compensation for damages; provided however, that the limit to damages paid in accordance with such contracts shall be as provided by law.	(Exemption of Audit & Supervisory Board Members from Liabilities) Article 43 1. In accordance with the provisions of Article 426 (1) of the Companies Act, the Company, by means of a resolution by the Board of Directors, may exempt its Audit & Supervisory Board Members (including former Audit & Supervisory Board Members) from liability for compensation for damages within the limit stipulated by law. 2. In accordance with the provision of Article 427 (1) of the Companies Act, the Company may conclude contracts with its Audit & Supervisory Board Members to limit their liability for compensation for damages; provided however, that the limit to damages paid in accordance with such contracts shall be as provided by law.

Proposal 3: Election of Nine (9) Directors

The Company's Articles of Incorporation sets out the term of office for Directors as one (1) year in order to clarify their management responsibility for each fiscal year. Accordingly, the terms of office of all nine (9) active Directors will expire at the conclusion of this General Meeting of Shareholders.

In nominating candidates for Director, an emphasis was put on securing diversity among the members of the Board of Directors with the aim of further enhancing corporate value by establishing a corporate governance system at a higher level, which enables more appropriate management decisions and a highly transparent management style as well as an enhanced monitoring of corporate management. Furthermore, for this proposal, the Company consulted the Nominating Committee, which was established by the Board of Directors and was chaired by an External Director, and made a proposal in consideration of the Committee's verdict.

Accordingly, the Company hereby proposes that you elect the nine (9) Directors including two (2) External Directors.

The nominees for Directors are as follows:

No.	Name (Date of birth)	Career summary, position and responsibilities at the Company, and important positions concurrently assumed outside the Company			Number of Company shares held
1	Masaru ONISHI (May 19, 1955)	April	1978	Joined the Company	Common share 5,900
		December	2002	General Manager, Maintenance Planning And Administration Office of the Company	
		April	2007	Vice President and Deputy General Manager, Engineering & Maintenance Division of the Company Representative Director, President of JAL Narita Aircraft Maintenance Co., Ltd. (on secondment)	
		April	2009	Executive Officer of the Company Advisor of Japan Air Commuter Co., Ltd.	
		June	2009	Representative Director, President of Japan Air Commuter Co., Ltd.	
		February	2010	Trustee Representative of the Company President of the Company	
		November	2010	Director of the Company	
		March	2011	Representative Director, President of the Company, Safety (Safety General Manager)	
		February	2012	Representative Director, Chairman of the Company General Manager, Corporate Safety & Security (Safety General Manager)	
		April	2013	Representative Director, Chairman of the Company (Safety General Manager)	
		April	2014	Director, Chairman of the Company (to present)	

No.	Name (Date of birth)	Career summary, position and responsibilities at the Company, and important positions concurrently assumed outside the Company			Number of Company shares held
2	Yoshiharu UEKI (September 16, 1952)	June	1975	Joined the Company	Common share 9,600
		April	1994	Captain, DC10 Flight Crew Office, of the Company	
		April	2004	Deputy General Manager, Flight Planning And Administration Office, Administration Department of the Company Deputy General Manager, Flight Planning And Administration Office, Flight Crew Planning Department of the Company	
		April	2005	Vice President and Deputy General Manager, Flight Operation Division of the Company General Manager, Flight Planning And Administration Office of the Company	
		April	2007	General Manager, Flight Crew Training Development Department of the Company	
		February	2008	Representative Director, Executive Vice President of J-AIR CO., LTD. (on secondment)	
		February	2010	Executive Officer of the Company General Manager, Flight Operations	
		December	2010	Senior Managing Executive Officer of the Company General Manager, Managing Division Route Marketing	
		February	2012	Representative Director, President of the Company General Manager, Managing Division Route Marketing	
		April	2013	Representative Director, President of the Company (to present)	
3	Nobuhiro SATO (October 13, 1950)	April	1969	Joined the Company	Common share 2,100
		April	2003	General Manager, Aircraft Maintenance Business Division (Haneda) of the Company	
		April	2006	Vice President and Deputy General Manager, Engineering & Maintenance Division of the Company General Manager, Maintenance Department (Haneda) of the Company	
		April	2007	Vice President and Deputy General Manager, Engineering & Maintenance Division of the Company Representative Director, President of JAL Tokyo Aircraft Maintenance Co., Ltd. (on secondment)	
		April	2009	Executive Officer of the Company Deputy General Manager, Engineering & Maintenance Division	
		February	2010	Executive Officer of the Company General Manager, Engineering & Maintenance Division Representative Director, President of JAL Engineering Co., Ltd.	
		February	2012	Senior Managing Executive Officer of the Company General Manager, Engineering & Maintenance Division	
		June	2012	Director and Senior Managing Executive Officer of the Company General Manager, Engineering & Maintenance Division	
		April	2014	Representative Director, Executive Vice President of the Company (Safety General Manager) (to present)	

No.	Name (Date of birth)	Career summary, position and responsibilities at the Company, and important positions concurrently assumed outside the Company			Number of Company shares held
4	Junko OKAWA (August 31, 1954)	December	1977	Joined the Company	Common share 1,400
		April	2006	General Manager, Administration & Planning of the Company	
		April	2007	General Manager, In-flight Services Planning of the Company	
		October	2009	General Manager, In-flight Quality Planning of the Company	
		February	2010	Executive Officer of the Company General Manager, Cabin Attendants Division	
		February	2012	Managing Executive Officer of the Company General Manager, Cabin Attendants Division	
		April	2013	Senior Managing Executive Officer of the Company General Manager, Cabin Attendants Division	
		June	2013	Director and Senior Managing Executive Officer of the Company General Manager, Cabin Attendants Division	
		November	2014	Director and Senior Managing Executive Officer of the Company Corporate Brand Promotion Division (to present)	

No.	Name (Date of birth)	Career summary, position and responsibilities at the Company, and important positions concurrently assumed outside the Company			Number of Company shares held
5	Tadashi FUJITA (October 25, 1956)	April	1981	Joined the Company	Common share 1,100
		April	2007	General Manager, Corporate Business, Corporate Center of Tokyo Branch of the Company	
		June	2009	General Manager, Sales Department of Tokyo Branch of the Company	
		October	2009	Deputy General Manager, Customer Division and General Manager, Planning Promotion Department, Customer Division of the Company	
		February	2010	Executive Officer of the Company General Manager, Passenger Sales Division, Regional Manager of Asia & Oceania	
		December	2010	Executive Officer of the Company Deputy General Manager, Managing Division Passenger Sales General Manager, International Passenger Sales General Manager, Corporate Sales General Manager, Web Sales Senior Vice President, Eastern Japan	
		February	2012	Managing Executive Officer of the Company Deputy General Manager, Managing Division Passenger Sales General Manager, International Passenger Sales General Manager, Corporate Sales General Manager, Web Sales Senior Vice President, Eastern Japan	
		April	2013	Senior Managing Executive Officer of the Company Deputy General Manager, Managing Division Passenger Sales General Manager, International Passenger Sales General Manager, Web Sales Senior Vice President, Eastern Japan	
		June	2014	Director and Senior Managing Executive Officer of the Company Deputy General Manager, Managing Division Passenger Sales General Manager, International Passenger Sales General Manager, Web Sales Senior Vice President, Eastern Japan	
		April	2015	Director and Senior Managing Executive Officer of the Company General Manager, Managing Division Passenger Sales General Manager, Domestic Passenger Sales (to present) Representative Director, President of JAL Sales Co., Ltd. (to present)	

No.	Name (Date of birth)	Career summary, position and responsibilities at the Company, and important positions concurrently assumed outside the Company	Number of Company shares held
6	Norikazu SAITO (November 23, 1956)	April 1980 Joined the Company October 2006 General Manager, Accounting of the Company February 2010 Executive Officer of the Company Funds, IR, Accounting and Internal Control Promotion (Deputy) December 2010 Executive Officer of the Company General Manager, Finance & Accounting February 2012 Managing Executive Officer of the Company General Manager, Finance & Accounting April 2014 Senior Managing Executive Officer of the Company General Manager, Finance & Accounting June 2014 Director and Senior Managing Executive Officer of the Company General Manager, Finance & Accounting (to present)	Common share 1,300
7	Toshiaki NORITA (August 27, 1957) (Newly appointed)	April 1982 Joined the Company April 2005 General Manager, Corporate Planning Office of the Company April 2007 General Manager, Public Relations Division of the Company February 2010 Executive Officer of the Company Human Resources December 2010 Executive Officer of the Company General Manager, General Affairs Executive Secretariat Office Internal Control Promotion February 2012 Managing Executive Officer of the Company General Manager, General Affairs April 2013 Managing Executive Officer of the Company General Manager, Corporate Planning Business Creation Strategy April 2015 Senior Managing Executive Officer of the Company General Manager, Corporate Planning Business Creation Strategy (to present)	Common share 1,100

No.	Name (Date of birth)	Career summary, position and responsibilities at the Company, and important positions concurrently assumed outside the Company			Number of Company shares held
8	Kimie IWATA (April 6, 1947) (External Director, Independent Officer)	April	1971	Joined the Ministry of Labor	Common share 900
		July	1996	Deputy Director-General of the Minister's Secretariat, Ministry of Labor	
		October	1998	Assistant Minister for International Labor affairs, Ministry of Labor	
		January	2001	Director-General of Equal Employment, Children and Families Bureau, Ministry of Health, Labour and Welfare	
		August	2003	Retired from Ministry of Health, Labour and Welfare	
		December	2003	Full-time Advisor of Shiseido Company, Limited	
		June	2004	Director, Corporate Officer of Shiseido Company, Limited	
		April	2007	Director, Corporate Executive Officer of Shiseido Company, Limited	
		April	2008	Director and Vice President of Shiseido Company, Limited	
		June	2008	Representative Director, Executive Vice President, of Shiseido Company, Limited	
		March	2012	External Auditor of Kirin Holdings Company, Limited (to present)	
		April	2012	Director of Shiseido Company, Limited	
		June	2012	Advisor of Shiseido Company, Limited (to present)	
		July	2012	External Director of the Company (to present)	
		July	2012	Chairman of Japan Institute of Workers' Evolution (to present)	
9	Eizo KOBAYASHI (January 7, 1949) (External Director, Independent Officer) (Newly appointed)	April	1972	Joined ITOCHU Corporation	Common share 0
		June	2000	Executive Officer of ITOCHU Corporation	
		April	2002	Managing Executive Officer of ITOCHU Corporation	
		June	2003	Representative Director, Managing Director of ITOCHU Corporation	
		April	2004	Representative Director, Senior Managing Director of ITOCHU Corporation	
		June	2004	President and Chief Executive Officer of ITOCHU Corporation	
		April	2010	Chairman of ITOCHU Corporation	
		July	2010	Outside Auditor of Asahi Mutual Life Insurance Company (to present)	
		June	2011	Chairman of ITOCHU Corporation (to present)	
		June	2013	Independent Director of OMRON Corporation (to present)	

(Notes)

1. There is no special interest between the nominees for Directors and the Company.
2. Mr. Toshiaki Norita is nominee for Director to be newly appointed.

   Since he took office of Executive Officer of the Company in February 2010, Mr. Toshiaki Norita has been responsible for Human Resources and has served as General Manager of General Affairs and General Manager of Corporate Planning. In all of his positions of responsibility, he gained results by exercising his superior leadership ability and considerable negotiation and coordination capabilities. In February 2012, as Managing Executive Officer, he became a member of the Executive Committee, the decision-making body of the operation division of the Company's business. From April 2014, he accumulated further corporate management experience as Senior Managing Executive Officer. We propose that he be appointed as a Director as we believe that he will make a significant contribution to the Company's management.
3. The nominees for External Directors are: Ms. Kimie Iwata and Mr. Eizo Kobayashi.
4. Reasons for the nomination of these individuals as External Directors, etc.

   [Ms. Kimie Iwata]

   Ms. Kimie Iwata has extensive experience, numerous achievements and considerable insight into support for women's empowerment, corporate social responsibility, etc., with many years of experience in administration and business management. Therefore, we propose that she be appointed as an External Director as we believe that she will make a significant contribution to the Company's management as an External Director who meets the Independence Standards of External Officers stipulated by the Company.

   Ms. Kimie Iwata is currently serving as the Company's External Director. As of the conclusion of this annual shareholders meeting, Ms. Iwata's tenure as an External Director will be two years and 11 months.

   [Mr. Eizo Kobayashi (Newly appointed)]

   As a top manager at a general trading company, Mr. Eizo Kobayashi has extensive experience of global management and leadership of a multifaceted group of companies and considerable insight into management. Therefore, we propose that he be appointed as an External Director as we believe that he will make a significant contribution to the Company's management as an External Director who meets the Independence Standards of External Officers stipulated by the Company.
5. The Company designates Ms. Kimie Iwata as an Independent Officer who is unlikely to cause a conflict of interests with general shareholders as stipulated by the Tokyo Stock Exchange and notified her to the stock exchange. If Ms. Iwata is reappointed as an External Director and assumes the post, the Company will reappoint her as an Independent Officer. The Company will also designate Mr. Eizo Kobayashi, a nominee for a new External Director, as an Independent Officer as stipulated by the Tokyo Stock Exchange if he is appointed as an External Director and assumes the post.
6. Overview of limited liability agreement

   In accordance with Article 427, Paragraph (1) of the Companies Act and the Company's Articles of Incorporation, the Company has entered into an agreement with Ms. Kimie Iwata to limit her liability pursuant to Article 423, Paragraph (1) of the Companies Act, setting the minimum amount stipulated by Article 425, Paragraph (1) of the said Act as the maximum liability. If she is reappointed as an External Director and assumes the post, the Company will extend the agreement with her. In addition, if Mr. Eizo Kobayashi is appointed as an External Director and assumes the post, the Company will enter into the same agreement with him.

(Reference)

In order to establish a high level corporate governance system that delivers highly transparent management and enhanced monitoring of corporate management, and to enhance its corporate value, the Company stipulates the following standards of judgment regarding the independence of the Company's External Officers (in principle, a person to whom none of the following apply shall be judged to be independent).

Independence Standards of External Officers

1. An individual who has executed business (Note) of JAL and JAL Group consolidated subsidiaries at present or in the past ten years.
2. An individual who corresponded to the any of the items a ~ f in the past three years.
   a. A business counterpart or a person who executed business of such business counterpart, whose transactions with the Company for one business ear exceeded 1% of consolidated revenue of the Company or the business counterpart.
   b. A major shareholder or a person executing business of such shareholder having an equity ratio of 5% or more in the Company.
   c. A major lender of borrowings of the Company or a person executing business of such lender.
   d. An individual receiving contributions of over 10 million yen a year from the Company or a person belonging to an organization receiving such contributions.
   e. An individual receiving remuneration of over 10 million yen excluding Director's remuneration from the Company or a person belonging to an organization receiving remuneration exceeding 1% of consolidated revenue of the Company.
   f. In case a person executing business of the Company is assigned as External Director of another company, the person executing business of such other company.
3. The spouse or relative within second degree of kinship of individuals corresponding to 1 and 2.

(Note) A person executing business refers to an Executive Director or executive officer.

* The above is part of the JAL Group's "Fundamental Policies of Corporate Governance," which can be found in full on pages 33 to 35 of this notice.

(Attached Documents)

Business Report

(April 1, 2014 to March 31, 2015)

1. Current state of the JAL Group

(1) Business progress and results

During the fiscal year under review, the Japanese economy continued to recover moderately, while consumer spending, etc. tended to stand firm overall. Looking abroad, economic recovery remained on track as a whole including the U.S. economy, despite weaker trends observed in certain countries. Exchange rate fluctuations, which affect profits of the Company, remained stable until August, but the Japanese yen weakened sharply from September and aviation fuel prices dropped dramatically from October.

Under these economic circumstances, the Company, aiming to achieve the targets set out in its "JAL Group Medium-Term Management Plan Rolling Plan 2014" announced on March 26, 2014, did its utmost to heighten the profit consciousness of its employees through "JAL Philosophy" and a divisional profitability management system, increase business efficiency and provide customers with unparalleled service, on the premise of maintaining safe operations.

Moreover, aiming to "establish the JAL Brand" as a full-service carrier, we started efforts to improve "Corporate Brand" as corporate value. We aim for a brand that is needed by society at large and that continues to be chosen by our customers.

In addition, the JAL Group has been implementing as part of the "safety initiatives" provided in the Medium-Term Management Plan "human resources development for safety initiatives," "advancement of system for safety initiatives" and "nurturing a safety-related climate."

For the "human resources development for safety initiatives," we identified strengths and weaknesses of each staff in detail to conduct education and training more efficiently and effectively. To realize a safety management system where management and field staff work as one, we took measures to prevent human errors at workplace where each Safety Leader took the lead.

For the "advancement of system for safety initiatives," we established preventive mechanisms to find potential factors associated with defects and to quantitatively and timely recognize benchmarks and achievement of objectives for safety and introduced a framework to assess risks of any unsafe event developing into an accident or a serious incident (new risk assessment).

As for the "nurturing a safety-related climate," all 35,000 employees (including the personnel of service providers) attended JAL Group Safety Education launched in FY2012. We inventoried various manuals and made them easier to use, and made efforts to promote employee understanding of importance of appropriate reporting and proactive information sharing for increasing safety.

We will continue our efforts to develop "safety systems" with the advice of the JAL Safety Advisory Group, headed by Mr. Kunio Yanagida.

Moreover, we renewed and developed a basic policy for our CSR activities in April 2013. In order to show our appreciation to society, we conduct CSR activities, through our main business, the air transport business. With the participation of many employees, we promote activities that only JAL can perform, centering on the continuing Tohoku Support measures.

We continually worked to promote industry in Tohoku through our business, such as by expanding tours to the Tohoku region, providing employee training programs in Otsuchi-cho and Miyako City, Iwate Prefecture, offering Tohoku products in flight and at our lounges, and transmitting various information. In addition to the continuing "Gifts for smiling face" project to bring smiles back to children in elementary schools and their families victimized by the disaster through travel, we started an educational support project "Chance for Children" where customers can donate charity miles to provide educational opportunities in Tohoku for children with financial difficulties due to the earthquake.

In "CONTRAIL Atmospheric Greenhouse Gases Observation Project by Passenger Aircraft," which won the Special Prize for the Global Environment Award, we newly renovated 777-300ER aircraft to install observation equipment and worked for expanding the observation system. Furthermore, our efforts to utilize a variety of human resources including women in the workplace and related to maintaining the health of the employees were appreciated, and the Company was selected as the "Nadeshiko Brand" and "Brand of Companies Enhancing Corporate Value through Health and Productivity Management" for the first time, both of which are jointly selected by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange.

Meanwhile, unauthorized log in to JAL Mileage Bank and leakage of personal information due to unauthorized access to our customer information management system occurred. We apologize sincerely for causing inconvenience and worries to many customers and related persons. We have established an investigation committee for this matter comprising external independent officers. The members of this committee investigated JAL's internal investigation and subsequent response. We have worked for information security as a top priority issue, but we will further strive to strengthen security by enhancing information management, reviewing system operation, etc., in order to prevent recurrence.

As for the consolidated financial results of the JAL Group for the fiscal year under review, operating revenues increased year on year by 2.7% to 1,344.7 billion yen, and operating expenses increased by 2.0% to 1,165.0 billion yen; however, operating income increased by 7.7% to 179.6 billion yen, ordinary income increased by 11.2% to 175.2 billion yen, and net income declined by 10.3% to 149.0 billion yen.

(2) Business conditions by business segment

International passenger operations

In international passenger operations, we strove to maximize revenue and acquire many overseas customers coming to and transiting Japan by expanding our route network and improving our product services including revamped aircraft.

As for route operations, due to the expansion of international inbound and outbound slots at Haneda Airport, we started daytime flight operations between Haneda and London, Paris, Singapore and Bangkok. In addition, to utilize late night and early morning slots, we launched flights between Haneda and Ho Chi Minh. As for Narita Airport, in order to enhance acquisition of customers using flights between the U.S. and Asian countries, the demand for which has potential for growth, we respectively added seven flights to our existing Narita-New York (from March 30, 2014) and Narita-Jakarta (from June 13, 2014) services, both resulting in 14 flights per week. As expansion of network other than the Tokyo Metropolitan area, we started flight operations between Chubu and Bangkok (from December 20, 2014) and between Kansai and Los Angeles (from March 20, 2015). Both operations are the only nonstop flights operated by a Japanese carrier, and we proactively contribute to economic development through interaction between Chubu and Kansai areas and foreign countries and to enhance the convenience for customers. Meanwhile, to flexibly respond to a recent decrease in demand, we reduced the number of Narita-Incheon services from 14 flights to seven flights per week (from October 26, 2014) and suspended our Kansai-Kimpo services (from March 29, 2015).

Regarding our alliances, Finnair joined our joint business with British Airways on flights between Europe and Japan, which had begun in April 2014, and we increased and expanded common fares and network by expanding code-sharing routes beyond Helsinki with Finnair. In the transpacific joint business with American Airlines, we strove to enhance acquisition of customers using flights between the U.S. and Asian countries by unified business activities. In addition, we started to offer code-sharing flights between the U.S./Europe and Brazil with TAM Airlines, which joined oneworld in March 2014. This makes it possible for customers using flights between Japan and Brazil to choose routes via Europe in addition to the existing routes via the U.S. (code-sharing flights with American Airlines), which meets increasing demand for routes between Japan and countries of South America. Accordingly, global network is expanded, and our global alliances become more competitive.

As sales strategies, we enriched our website in overseas regions to enhance attractiveness and convenience. We support customers who bought flight tickets from overseas to Japan with comfortable internet environment during their stays in Japan by offering IDs and passwords to use services on public wireless LAN access points provided by Wire and Wireless Co., Ltd., which is a group company of NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION and KDDI CORPORATION. In addition, by a partnership with BICCAMERA INC., we started to offer discount coupons available at the said company. We will contribute to realization of Japan as “a tourism nation” by cooperating with a number of companies across industries as above and having as many overseas customers as possible in Japan.

As for products, we revamped 13 Boeing 777-300ER and nine Boeing 767-300ER aircraft to install “SKY SUITE” and newly introduced “SKY SUITE 787” into Boeing 787-8 aircraft for Narita-Frankfurt services in December 2014, Narita-New York services (JL004/JL003) in January 2015 and Narita-Paris services in March 2015. We installed to the “SKY SUITE 787” full-flat seats that allow Business Class passengers direct access to the aisle and “New Spacious Economy” seats with more legroom for the Economy Class, as is the case with “SKY SUITE 777” and “SKY SUITE 767.” For the Economy Class of Boeing 787-8 aircraft, we pursue increasing comfort and convenience by maintaining eight abreast seating despite nine abreast seating prevailing in the world. “JAL SKY Wi-Fi,” in-flight Internet service, has been used by more than 40,000 passengers. At Haneda Airport International Terminal, Sakura Lounge was newly opened on March 30, 2014, and JAL First Class Lounge was reopened after renovation on August 29, 2014. The JAL First Class Lounge would like “customers to have hot and fresh meals” before their flights and offers “Teppan Dining” service with a sense of openness and full of lives, by which dishes are prepared using a hot iron plate in front of customers, and the service are highly appreciated. We continue to try new things to make a fresh impression on customers every time as well as to enhance the convenience for customers.

Consequently, international supply for the fiscal year under review increased by 3.2% year on year when measured in available-seat-kilometer (ASK); demand increased by 2.0% in revenue-passenger-kilometer (RPK); load factor (L/F) decreased by 0.8 points to 75.7%; and international passenger revenue increased by 3.9% to 454.8 billion yen.

Domestic passenger operations

In domestic passenger operations, the Company, by merging with JAL Express Co., Ltd. on October 1, 2014, enhanced mobility to match demand and supply of the JAL Group and made efforts to increase revenue. On October 24, 2014, Hokkaido Air System Co., Ltd. joined the JAL Group. We worked for strengthening management power of Hokkaido Air System Co., Ltd and maintaining and developing regional routes by promotion using sales channel and know-how of the Company and by making use of cost competitiveness of the JAL Group.

Regarding route operations, in addition to increasing flights between Haneda and Itami, Okayama, Kitakyushu, etc. we also resumed seasonal flights on six routes out of regional routes that had been previously suspended. We also increased flights between Haneda and Yamagata by a “contest,” where a local government and carrier work together to increase regional routes. In addition, we increased flights such as between Itami and Naha, which are expected to grow in demand, and further enhanced the convenience for customers.

As sales strategies, due to the expansion of international inbound and outbound slots at Haneda Airport, with an aim of promoting travels within Japan by foreign travelers to Japan, which are expected to increase, the Company partnered with JTB Global Marketing & Travel Inc. and started sales of “JAL Special Package” for individual travelers from overseas to Japan. By using JAL domestic network and attracting foreign travelers to Japan to regional cities in Japan, we contributed to regional revitalization. As services for mobile devices that are spreading rapidly, we provided new services and enhanced function, such as by developing “JAL Flight Navi,” a tablet application, by which users can make reservations and purchase tickets and can also collect information about travels, and wholly redesigning “JAL Domestic Flights,” a smartphone application.

As for products, we started operations of newly configured domestic aircraft with “JAL SKY NEXT.” We deployed it mainly for hub routes between Haneda and Fukuoka, Itami, Sapporo, etc. operated by Boeing 777/767 aircraft in May 2014 and have been expanding it to routes connecting Haneda and regional cities operated by Boeing 737 aircraft since October 2014. For high-quality feeling, we used genuine leather for our seats, and in order to increase comfort and convenience, we increased legroom (space for knees) by slimming seats compared to the existing seats. By switching onboard lighting to LED, we provide onboard lighting depending on the in-flight time and season to enable passengers to feel relaxed and Japanese characteristics through natural rhythm changing over time. Moreover, we developed “JAL SKY Wi-Fi,” which is the first in-flight Internet service for domestic flights in Japan, to make in-flight entertainment and Internet connection available to our passengers using their smartphones, personal computers, etc. We coordinated the aircraft interior to pursue high quality space and worked for improving quality of in-flight services, which are highly appreciated by many passengers. The “JAL SKY NEXT” won the 2014 GOOD DESIGN Best 100 (hosted by the Japan Institute of Design Promotion).

As for airport services, we started to provide “JAL Express-Tag Service” to enable customers to quickly check their baggage with less stress at domestic counters in Haneda Airport on March 31, 2015. We have been trying to provide new services based on the “JAL Smart Style” concept in order to achieve easier-to-use, more convenient, simpler services.

Consequently, domestic supply for the fiscal year under review decreased by 2.1% year on year when measured in available-seat-kilometer (ASK); demand increased by 1.0% in revenue-passenger kilometer (RPK); load factor (L/F) increased by 2.1 points to 66.1%; and domestic passenger revenue increased by 0.0% to 487.5 billion yen.

Cargo and mail service operations

For international cargo operations, amid growing demand for transportation especially to North America, we strove to maximize revenue by aggressively capturing outbound automobile-related demand, etc. and efficiently capturing transit cargo between three countries. In our sales activities, we strengthened our structures in Haneda Airport where the number of inbound and outbound flights increased, strove to expand domestic and international transfer services (J-LINK), which provides smooth, seamless connections between domestic and international flights, and used the airline charter system to transport cargo using other carriers’ aircraft after minimizing risks. As a result, for the fiscal year under review, the volume increased by 16.0% year on year on a revenue-cargo-ton-kilometer basis (RCTK), and international cargo revenue increased by 11.2% to 60.3 billion yen, compared to the same period of the previous fiscal year.

In international mail service operations, we secured increased demand compared to the same period of the previous fiscal year by capturing demand from the solidly growing mail-order shopping. The volume for the current fiscal year increased by 6.1% year on year on a mail-ton-kilometer basis (RMTK), and international mail revenue increased by 14.9% to 10.3 billion yen, compared to the same period of the previous year.

In domestic cargo operations, demand increased by shifting from land transportation to air transportation for lack of trucks and other reasons, but due to decreased supply, the volume for the fiscal year under review decreased by 2.8% year on year on a revenue-cargo-ton-kilometer basis (RCTK), and domestic cargo revenue decreased by 4.5% to 24.2 billion yen, compared to the same period of the previous year.

Other operations

In other operations, we strove to maximize the JAL Group’s corporate value by enhancing the convenience for customers. Summary on two major companies in other operations is as follows:

As for JALPAK Co., Ltd., the fiscal year under review marked the 50th anniversary of its “JALPAK” brand. In commemoration of the anniversary, it sold special 50th anniversary tours, which were safe, high-quality and characteristic, and the tours were in great demand by customers. It also sold “JAL Dynamic Packages” and “Products for JAL Mileage Bank Members” online to meet demand trends and increased revenue. The number of overseas travelers decreased by 9.0% from the previous fiscal year to 275,000 due to rising sales prices resulting from a weaker Japanese yen and political instability in certain European and Asian countries. The number of domestic travelers increased by 7.4% from the previous fiscal year to 2,301,000 thanks to an increase of reservations due to a change of booking deadline from 10 days to 7 days prior to the departure date, and favorable sales of Dynamic Packages.

As a result, operating revenue (prior to intercompany transaction elimination) for the fiscal year under review increased by 1.1% from the previous fiscal year to 169.8 billion yen.

JALCARD, Inc. worked to expand the range of customers and increase the number of members by actively conducting an enrollment campaign and approaching sports fan associations. In terms of products, it expanded its line of products by issuing "JAL JCB Card Platinum," a new item in the lineup of "platinum cards" for top-tier customers, in April 2014. Consequently, the number of members increased by 120,000 from the end of March 2014 to 3,038,000. Despite continuing instability of consumer spending after the increase in the rate of the consumption tax, the transaction volume as a whole grew strongly thanks to improving the convenience and encouraging card use such as start of offering a JALCARD official smartphone application in January 2015 and increase of lifestyle-oriented special agencies.

Consequently, operating revenue (prior to intercompany transaction elimination) for the fiscal year under review increased by 6.2% from the previous fiscal year to 19.6 billion yen.

(3) Issues to be addressed

The JAL Group established the "JAL Group Medium -Term Management Plan for Fiscal Years 2012-2016 – To the Next Growth Stage upon Establishing a High Profitability Structure –," with the aim to overcome major changes in the operating environment and uncertainties, survive the competition, and continue to exist and develop permanently. The Medium -Term Management Plan provides the following five items as "key initiatives" to focus our efforts.

(a) Safety Initiatives

(b) Route Network

(c) Products and Services

(d) Group Management

(e) Human Resources Development

We will work on each key initiative as follows:

(a) Safety Initiatives

Flight safety is the foundation and social responsibility of the JAL Group. Based on our rich experience nurtured over the years as the pioneer of air transportation in Japan, we will work on the three initiatives: "human resources development for safety initiatives," "advancement of system for safety initiatives" and "nurturing a safety-related climate," develop our "safety systems," and provide customers with safe and comfortable flights. In order to build a safety management system with the highest standards and ensure that every JAL Group employee acts with adequate knowledge and a high awareness for safety, we will work for the initiatives speedily under management's strong leadership.

(b) Route Network

We will regularly review routes by thoroughly analyzing the profitability of each route, and continuously improve our network, rather than merely expanding it. We aim to build a route network that provides customers with highly convenient connectivity within Japan and to destinations around the world from Japan. On international routes, we will continue to intensively deploy our aircraft on mid-/long-haul routes (Europe, North America, and Southeast Asia). To appropriately respond to changes in supply and demand, we will expand our network in anticipation of increasing demand for flights between North America and Asia, while carefully assessing profitability. For domestic routes, given the competitive environment, we will focus on "increasing our competitiveness," appropriately respond to changes in the environment of main markets, Haneda and Osaka (Itami), and we aim to maintain and improve profitability while matching demand and supply.

(c) Products and Services

Pursuing "high quality, full service" for international flights and "convenience and simplicity" for domestic flights, we aim to provide such products and services that make a fresh impression on customers every time. By utilizing "JAL Training Center" established in FY2012 to conduct cross-functional education with a sense of unity, and internal and external evaluation systems, we will develop human resources capable of understanding customers, foreseeing customer demand, and responding to it flexibly. As for our mileage program, we will improve usability of award tickets, the most attractive mileage redemption in our program, and make our program "easier-to-accumulate and easier-to-use."

(d) Group Management

We will continue "JAL Philosophy Education," by which all Group employees attend courses for four themes a year, and make JAL Philosophy prevail, and introduce the divisional profitability management system into our Group companies to establish a firm organizational operating structure where all JAL Group employees participate in management with an awareness of "maximizing revenues and minimizing expenses."

(e) Human Resources Development

We will create the ideal staff image sought by the JAL Group and recruit the appropriate number of staff the Group needs. We will develop a fundamental education/training system common to all JAL Group companies and conduct training, focusing on development of future leaders and safety and service professionals. By such human resource development and improved productivity in each division, we expect to maintain the current headcount of 32,000 (consolidated headcount) during the period covered by the Plan, despite an expected increase in business scale.

The JAL Group has been expanding opportunities for its employees with abilities and enthusiasm regardless of the company or region of employment and will continue efforts to create workplaces that allow a diversity of human resources to have opportunities and those around to support it. For example, we will continue to provide training programs to create opportunities and motivation for further growth and thereby develop female employees. On the condition of merit-based appointment, we aim to increase the proportion of women in management positions in the JAL Group to 20% or more by the end of FY2023.

The operating environment of the JAL Group is severe, such as a cost increase caused by the weak yen, increase in supply by competitors, further expansion of LCC and extension of the Shinkansen network. However, by steadily implementing the above measures, we will strive to earn stable revenues no matter how tough the competitive environment and economic conditions may be and to meet expectations of all our stakeholders, including our shareholders.

(4) Capital expenditures

During the current fiscal year, the JAL Group's capital expenditures totaled 196.4 billion yen, which is broken down into 163.2 billion yen for aircraft-related capital expenditures, 6.1 billion yen for ground-based assets, etc., and 27.0 billion yen for intangible fixed assets.

During the current fiscal year, the JAL Group introduced 5 new airplanes, all of which are purchased airplanes, and purchased 9 airplanes that were previously on lease. On the other hand, 6 airplanes were retired.

The number of airplanes for which the JAL Group has placed orders and already made payments on as capital investment, including up-front disbursement, during the current fiscal year is 101.

(5) Financing

During the current fiscal year, the JAL Group took out long-term borrowings of 15.3 billion yen from domestic financial institutions to purchase the above airplanes, etc.

(6) Business transfer, etc.

a. The Company merged with JAL Express Co., Ltd., a wholly-owned subsidiary of the Company, as of October 1, 2014.

b. The Company acquired the shares of Hokkaido Air System Co., Ltd. (7,588 shares, which accounts for 42.8% of the total number of issued shares) from Hokkaido and others as of October 23, 2014 and as of March 16, 2015. With this acquisition, the Company came to hold 57.3% of shares in Hokkaido Air System Co., Ltd., which then became a consolidated subsidiary of the Company.

(7) Business results and assets

Classification	63rd fiscal year ended March 31, 2012	64th fiscal year ended March 31, 2013	65th fiscal year ended March 31, 2014	66th fiscal year ended March 31, 2015
Operating revenues (Millions of yen)	1,204,813	1,238,839	1,309,343	1,344,711
Operating income (Millions of yen)	204,922	195,242	166,792	179,689
Ordinary income (Millions of yen)	197,688	185,863	157,634	175,275
Net income (Millions of yen)	186,616	171,672	166,251	149,045
Net income per share (Yen)	514.52	473.36	458.45	411.06
Total assets (Millions of yen)	1,087,627	1,216,612	1,340,168	1,473,354
Net assets (Millions of yen)	413,861	583,189	711,064	800,751
Net assets per share (Yen)	1,071.19	1,558.15	1,903.53	2,142.00

(Notes) 1. Net income per share is calculated based on the average number of shares outstanding during the current fiscal year after subtracting the number of treasury stock and shares in the Company held by associated companies. Net assets per share is calculated based on the total number of shares issued as of the end of the current fiscal year after subtracting the number of treasury stock and shares in the Company held by associated companies.

2. The Company conducted a stock split of common stock at a ratio of two shares for every share on October 1, 2014. Net income per share and net assets per share were calculated based on the assumption that the said stock split was conducted at the start of the 63rd fiscal year.

(8) Major parent companies and subsidiaries (as of March 31, 2015)

a. Parent companies

None

b. Subsidiaries

Name	Capital	Ratio of voting rights	Principal business
JAPAN TRANSOCEAN AIR CO., LTD.	4,537 million yen	72.8%	Air transport business
JAPAN AIR COMMUTER CO., LTD.	300 million yen	60.0%	Air transport business
J-AIR CO., LTD.	200 million yen	100.0%	Air transport business
JALPAK CO., LTD.	80 million yen	* 97.7%	Travel agency

(Notes) 1. Figures with an asterisk (*) show the ratio of voting rights including those owned by subsidiaries.

2. The Company merged with JAL Express Co., Ltd., a wholly-owned subsidiary of the Company, as of October 1, 2014.

(9) Principal business (as of March 31, 2015)

Air transport business and other businesses incidental or related thereto.

(10) Principal locations of business and plants (as of March 31, 2015)

[Business Office]

The Company: (the Head Office)	2-4-11 Higashi-Shinagawa, Shinagawa-ku, Tokyo
Japan:	Sapporo, Hakodate, Asahikawa, Obihiro, Kitami, Aomori, Akita, Sendai, Tokyo, Niigata, Nagoya, Kanazawa, Osaka, Okayama, Hiroshima, San'in, Yamaguchi, Matsuyama, Kochi, Takamatsu, Tokushima, Fukuoka, Nagasaki, Oita, Kumamoto, Miyazaki, Kagoshima, Okinawa
Overseas:	Seoul, Busan, Beijing, Tianjin, Shanghai, Dalian, Guangzhou, Hong Kong, Taipei, Kaohsiung, Manila, Bangkok, Hanoi, Ho Chi Minh City, Singapore, Kuala Lumpur, Jakarta, Sydney, New Delhi, Moscow, Helsinki, Frankfurt, London, Paris, Guam, Vancouver, New York, Boston, Chicago, Los Angeles, San Diego, San Francisco, Honolulu

[Plants]

Haneda Maintenance Center, Narita Maintenance Center

(11) Employees (as of March 31, 2015)

	Number of Employees	Increase (decrease) from the previous fiscal year
Air transport business	27,544 persons	165
Other	3,990 persons	(103)
Total	31,534 persons	62

(Note) The number of employees represents all individuals working within the JAL Group (including temporary employees) excluding those on leave.

(12) Aircraft (as of March 31, 2015)

Aircraft	Number of aircraft	Number of seats	Note
Boeing 787-8	20	161, 186	
Boeing 777-200	13	375	
Boeing 777-300	7	500	
Boeing 777-200ER	11	245, 312	
Boeing 777-300ER	13	244	
(Subtotal)	(44)		
Boeing 767-300	13	261	
Boeing 767-300ER	32	199, 227, 234, 237, 252, 261	The number of aircraft includes 8 on lease
(Subtotal)	(45)		
Boeing 737-400	12	145, 150	
Boeing 737-800	50	144, 165	The number of aircraft includes 29 on lease
(Subtotal)	(62)		
Embraer 170	15	76	
Bombardier DHC8-100	4	39	
Bombardier DHC8-300	1	50	
Bombardier DHC8-400	11	74	The number of aircraft includes 2 on lease
(Subtotal)	(16)		
Bombardier CRJ200	9	50	
SAAB340B	13	36	
Total	224		

(13) Major Creditors (as of March 31, 2015)

Creditor	Loans outstanding at the end of the period
Mizuho Bank, Ltd.	8,999 million yen
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	8,999 million yen
Sumitomo Mitsui Banking Corporation	2,464 million yen

(14) Other important matters concerning current status of the JAL Group

With regard to the dismissal for reorganization that the Company carried out in December 2010 as provided in the reorganization plan, 74 former flight crews (currently 76 crews as two more crews filed a lawsuit in May 2011) and 72 former flight attendants among those dismissed filed a lawsuit against the Company in January 2011, demanding confirmation of their contractual status under the contract of employment. The claims by the former employees were dismissed by the Tokyo District Court in March 2012 and the Tokyo High Court in June 2014, respectively, and the suit was pending before the Supreme Court. In February 2015, the final appeal, etc. by the former employees were dismissed, and the case was concluded.

As regards the case that the Company was charged with forming a price cartel on air cargo by antitrust authorities, the Company filed a suit with the European Court of Justice in January 2011, objecting to an order to pay a monetary penalty received from the European Union. In a civil suit, cargo owners sued several airlines including the Company in the Netherlands, etc., claiming damages arising from the alleged air cargo cartel. Among these cases for which the probability and amount of possible losses can be reasonably estimated, an estimated amount of possible losses is recorded as a reserve.

The JAL Group provides training for employees on overseas assignments before they are stationed abroad, and holds seminars on antitrust and provides e-learning using the Web mainly for staff in the sales departments, in order to prevent recurrence of cartel behavior, while requiring managerial staff in the sales departments to confirm compliance every six months. Thus, the JAL Group endeavors to strengthen the structure for compliance with the antimonopoly law.

Currently, the Japan Transport Safety Board under the Ministry of Land, Infrastructure, Transport and Tourism is investigating two aviation accidents and three serious incidents by the JAL Group. The JAL Group has taken necessary measures and will appropriately implement additional measures depending on the results of investigation conducted by the board.

Depending on how these develop, they could negatively affect our business performance. In addition, the JAL Group is at risk of various legal proceedings concerning its business activities that could affect its business or business performance.

2. Shares

(1) Total number of shares issued and number of shareholders

(As of March 31, 2015)

Classification	Total number of shares issued	Number of shareholders
Common stock	362,704,000 shares	94,289 persons

(Notes) 1. The Company conducted a stock split of common stock at a ratio of two shares for every share on October 1, 2014. As a result, the total number of shares issued increased by 181,352,000 shares to 362,704,000 shares.

2. The total number of shares issued includes 136,157 shares of treasury stock.

(2) Major shareholders

(As of March 31, 2015)

Name	Number of shares held (shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	15,458,600	4.26
Japan Trustee Services Bank, Ltd. (Trust account)	14,542,200	4.01
STATE STREET BANK AND TRUST COMPANY	9,509,900	2.62
MSCO CUSTOMER SECURITIES	7,815,200	2.15
KYOCERA Corporation	7,638,400	2.10
Daiwa Securities Group Inc.	5,000,000	1.37
GOLDMAN, SACHS & CO. REG	4,615,600	1.27
Japan Trustee Services Bank, Ltd. (Trust account 9)	4,285,800	1.18
Japan Trustee Services Bank, Ltd. (Trust account 1)	3,985,600	1.09
Japan Trustee Services Bank, Ltd. (Trust account 5)	3,982,500	1.09

(Notes) 1. Shareholding ratio is calculated with 136,157 shares of treasury stock excluded, rounded down to two decimal places.

2. Of shares held by foreigners, etc. with respect to the general shareholders notification, 115,134,031 shares are adjusted shares held by foreigners, etc., which the Company refused to register in the shareholders' register pursuant to the Civil Aeronautics Act and its Articles of Incorporation.

3. Corporate Officers

(1) Directors and Audit & Supervisory Board Members (as of March 31, 2015)

Position	Name	Responsibility	Important concurrent occupations or positions at other organizations
Director, Chairman	Masaru ONISHI	Chairman of the Board of Directors	
Representative Director, President	Yoshiharu UEKI	Chairman of the Board of Managing Executive Officers Chairman of the Council for Group Safety Enhancement Chairman of the JAL Philosophy Committee Chairman of the CSR Committee	
Representative Director, Executive Vice President	Nobuhiro SATO	Aid to the President Safety General Manager	
Director, Senior Managing Executive Officer	Hirohide KAMIKAWA	General Manager, Managing Division Passenger Sales General Manager, Domestic Passenger Sales	Representative Director, President of JAL Sales Co., Ltd.
Director, Senior Managing Executive Officer	Junko OKAWA	In charge of Corporate Brand Promotion	
Director, Senior Managing Executive Officer	Tadashi FUJITA	Deputy General Manager, Managing Division Passenger Sales General Manager, International Passenger Sales General Manager, Web Sales Senior Vice President, Eastern Japan	
Director, Senior Managing Executive Officer	Norikazu SAITO	General Manager, Finance & Accounting	
Director	Tatsuo KAINAKA		Takusyou Sogo Law Office Governor of Life Insurance Policyholders Protection Corporation of Japan External Corporate Auditor of Oriental Land Co., Ltd. Outside Director of Mizuho Financial Group, Inc.
Director	Kimie IWATA		Advisor of Shiseido Company, Limited External Auditor of Kirin Holdings Company, Limited Chairman of Japan Institute of Workers' Evolution
Audit & Supervisory Board Member	Hisao TAGUCHI		
Audit & Supervisory Board Member	Yasushi SUZUKA		

Position	Name	Responsibility	Important concurrent occupations or positions at other organizations
External Audit & Supervisory Board Member	Eiji KATAYAMA		Partner of Abe, Ikubo & Katayama Outside Corporate Auditor of Mitsubishi UFJ Trust and Banking Corporation Board Member for Seikagaku Corporation
External Audit & Supervisory Board Member	Hiroyuki KUMASAKA		Representative Liquidator of MISUZU Audit Corporation Auditor of MATSUDA SANGYO CO., LTD.
External Audit & Supervisory Board Member	Shinji HATTA		Professor, Graduate School of Professional Accountancy, Aoyama Gakuin University, Tokyo Outside Audit & Supervisory Board Member of Development Bank of Japan Inc. Corporate Auditor, RISO KAGAKU CORPORATION Member of Committee of the Business Accounting Council, Financial Services Agency

(Notes) 1. Changes of Directors and Audit & Supervisory Board Members during the current fiscal year

(1) Assumption

At the 65th Ordinary General Meeting of Shareholders held on June 18, 2014, Mr. Tadashi FUJITA and Mr. Norikazu SAITO were newly appointed as Directors and assumed office on the same date.

(2) Retirement

No items to report

2. Directors, Mr. Tatsuo Kainaka and Ms. Kimie Iwata, are External Directors who meet the Independence Standards of External Officers stipulated by the Company. The Company has designated them as the Independent Officers who are unlikely to cause a conflict of interests with ordinary shareholders as stipulated by the Tokyo Stock Exchange and notified them to the stock exchange.
3. External Director Mr. Tatsuo Kainaka retired from office as Outside Director of Mizuho Bank, Ltd. on June 23, 2014. In addition, he assumed office as Outside Director of Mizuho Financial Group, Inc. on June 24, 2014.
4. Audit & Supervisory Board Members, Mr. Eiji Katayama, Mr. Hiroyuki Kumasaka and Mr. Shinji Hatta are External Audit & Supervisory Board Members who meet the Independence Standards of External Officers stipulated by the Company. The Company has designated them as the Independent Officers who are unlikely to cause a conflict of interests with ordinary shareholders as stipulated by the Tokyo Stock Exchange and notified them to the stock exchange.
5. Audit & Supervisory Board Member, Mr. Hiroyuki Kumasaka is qualified to be a certified public accountant and has a considerable knowledge of finance and accounting.
6. Audit & Supervisory Board Member, Mr. Shinji Hatta has an extensive experience and deep insight as an authority on research on corporate practices in corporate auditing and corporate internal control and has considerable knowledge of accounting and audit.
7. The Company has business relationship with Oriental Land Co., Ltd. (sponsorship contract, etc.), Mizuho Bank, Ltd., which is a subsidiary of Mizuho Financial Group, Inc. (borrowing of money, etc.), Abe, Ikubo & Katayama (entrustment of legal services), Mitsubishi UFJ Trust and Banking Corporation (consignment of stock transfer agency service, etc.) and Development Bank of Japan Inc. (borrowing of money, etc.) Mitsubishi UFJ Trust and Banking Corporation (consignment of stock transfer agency service, etc.) and Development Bank of Japan Inc. (borrowing of money, etc.).

8. Positions and responsibilities and important concurrent occupations or positions at other organizations of the Directors were changed as of April 1, 2015, as follows.

Position	Name	Responsibility	Important concurrent occupations or positions at other organizations
Director	Hirohide KAMIKAWA		
Director, Senior Managing Executive Officer	Tadashi FUJITA	General Manager, Managing Division Passenger Sales General Manager, Domestic Passenger Sales	Representative Director, President of JAL Sales Co., Ltd.

Name, title and responsibility of Executive Officers (excluding Directors concurrently serving as Executive Officer) are as follows:

(Reference) (as of March 31, 2015)

Position	Name	Responsibility
Senior Managing Executive Officer	Hideki KIKUYAMA	General Manager, Managing Division Route Marketing
Managing Executive Officer	Shigemi KURUSU (*1)	General Manager, Corporate Control
Managing Executive Officer	Toshiaki NORITA	General Manager, Corporate Planning In charge of Business Creation Strategy
Managing Executive Officer	Toshinori SHIN	General Manager, Flight Operations
Managing Executive Officer	Nobuyoshi GONDO	General Manager, Corporate Safety & Security Manager, Family Assistance & Support
Managing Executive Officer	Kiyoshi ISHIZEKI	General Manager, IT Planning
Executive Officer	Tsuyoshi YAMAMURA	General Manager, Cargo & Mail
Executive Officer	Arata YASUJIMA	President of JAPAN AIR COMMUTER CO., LTD.
Executive Officer	Tetsuya ONUKI	President of J-AIR CO., LTD.
Executive Officer	Munemitsu ERIKAWA	Senior Vice President, China Vice President and Regional Manager, Beijing District Sales Manager, Beijing
Executive Officer	Kiyoshi MARUKAWA	President of JAPAN TRANSOCEAN AIR CO., LTD.
Executive Officer	Akira YONEZAWA	General Manager, Managing Division Route Marketing (International Route Marketing)
Executive Officer	Toshiki OKA	General Manager, Purchasing
Executive Officer	Jun KATO	General Manager, Managing Division Route Marketing (Products & Services Planning)
Executive Officer	Ryuzo TOYOSHIMA (*2)	Assistant to General Manager, Managing Division Route Marketing
Executive Officer	Hiroyuki HIOKA	General Manager, General Affairs
Executive Officer	Tadao NISHIO	General Manager, Managing Division Route Marketing (Domestic Route Marketing)
Executive Officer	Shinichiro SHIMIZU	General Manager, Human Resources
Executive Officer	Hidetsugu UEDA	Human Resources, in charge of Education Vice President, Human Resources Management
Executive Officer	Hoshiko NAKANO (*3)	Senior Vice President, Western Japan
Executive Officer	Hiroki KATO (*3)	Vice President, Haneda Airport President of JAL SKY CO., LTD.
Executive Officer	Tomohiro NISHIHATA (*3)	In charge of Managing Division Route Marketing (Passenger System Planning)
Executive Officer	Takahiro ABE (*3)	General Manager, Airport Operations
Executive Officer	Hideki OSHIMA (*3)	In charge of Managing Division Route Marketing (International Relations and Alliances)
Executive Officer	Yuji AKASAKA (*3)	General Manager, Engineering & Maintenance President of JAL Engineering
Executive Officer	Eri ABE (*4)	General Manager, Cabin Attendants

(Note) Executive Officers with asterisk (*1) retired from office due to expiration of term of office on March 31, 2015.
Executive Officer with asterisk (*2) had his responsibility changed due to the merger of the Company and JAL Express Co., Ltd., its wholly-owned consolidated subsidiary, effective October 1, 2014.
Executive Officers with asterisk (*3) newly assumed office on April 1, 2014.
Executive Officers with asterisk (*4) newly assumed office on November 15, 2014.

(2) Remuneration, etc. paid to Directors and Audit & Supervisory Board Members

a. Remuneration, etc. paid for the fiscal year under review

Classification	Number of Directors and Audit & Supervisory Board Members	Amount paid
Directors (Of which, External Directors)	9 (2)	320 million yen (24 million yen)
Audit & Supervisory Board Members (Of which, External Audit & Supervisory Board Members)	5 (3)	66 million yen (28 million yen)

b. Policy on determination of remuneration in kind for Directors and Audit & Supervisory Board Members

The company resolved that the maximum annual remuneration (total amount) for Directors shall be no more than 450 million yen (approved and passed at the shareholders meeting on March 28, 2011). This amount of remuneration for Directors does not include salaries for employees serving concurrently as Directors. The remuneration for Directors is determined within the said ceiling at the Board of Directors, following a recommendation by the remuneration committee, which consists of External Directors and Representative Director, President.

The maximum annual remuneration (total amount) for Audit & Supervisory Board Members was approved and passed at the extraordinary shareholders meeting on July 10, 2012 to be no more than 100 million yen.

(3) External Officers

Major activities during the current fiscal year

Position	Name	Major activities during the current fiscal year
Director	Tatsuo KAINAKA	Mr. Kainaka attended 95% of the Board of Directors' meetings held during the current fiscal year and provided advice and recommendations on the Company's managerial issues, operations of the Board of Directors, internal control, risk management, etc., from the perspective of a legal professional based on his many years of experience in the legal world.
Director	Kimie IWATA	Ms. Iwata attended 89% of the Board of Directors' meetings held during the current fiscal year and provided advice and recommendations mainly on the Company's managerial issues to ensure adequacy and appropriateness of decision-making by the Board of Directors, based on her extensive experience and deep insight into support for women's empowerment, CSR, etc., backed by her many years of experience in administration and corporate management.
Audit & Supervisory Board Member	Eiji KATAYAMA	Mr. Katayama attended 95% of Board of Directors' meetings and all Board of Corporate Auditors' meetings held during the current fiscal year and provided advice and recommendations on the Company's managerial issues, operations of the Board of Directors, internal control, risk management, etc., from the perspective of a legal professional based on his many years of experience in the legal world.
Audit & Supervisory Board Member	Hiroyuki KUMASAKA	Mr. Kumasaka attended all Board of Directors' meetings and Board of Corporate Auditors' meetings held during the current fiscal year and provided advice and recommendations on the Company's managerial issues, operations of the Board of Directors, internal control, risk management, etc., from the perspective of an accounting professional based on his many years of experience as a certified public accountant.
Audit & Supervisory Board Member	Shinji HATTA	Mr. Hatta attended 95% of Board of Directors' meetings and all Board of Corporate Auditors' meetings held during the current fiscal year and provided advice and recommendations on the Company's managerial issues, operations of the Board of Directors, internal control, risk management, etc., from the perspective of an accounting professional based on his many years of experience in the accounting world.

(Note) Regarding unauthorized log in to JAL Mileage Bank and leakage of personal information due to unauthorized access to our customer information management system we established an investigation committee chaired by Ms. Kimie Iwata and comprising External Independent Officers, and conducted an investigation.

(4) Overview of liability limitation agreement

In accordance with Article 427, Paragraph (1) of the Companies Act and the Company's Articles of Incorporation, the Company has entered into an agreement with each External Director and External Audit & Supervisory Board Member, by which they are bound to be liable for damages specified in Article 423, Paragraph (1) of the Companies Act, to the extent of the amount of the minimum liability specified in Article 425, Paragraph (1) of the said Act.

4. Accounting Auditor

(1) Name of Accounting Auditor

KPMG AZSA LLC

(2) Amount of remuneration, etc., for Accounting Auditor

a. Remuneration, etc., for Accounting Auditor for the current fiscal year	94 million yen
b. Total amount of money and other financial interests to be paid by the Company and its subsidiaries	193 million yen

(Notes) 1. The amount in a. above is all attributed to services in the scope of Article 2, Paragraph (1) of the Certified Public Accountants Act of Japan.

2. In the audit agreement by and between the Company and the Accounting Auditor, the Company does not keep accounts by each category of the amount of audit fee, etc., for auditing services under the Companies Act and under the Financial Instruments and Exchange Act. As the amount of auditing services may be difficult to classify, the Company states the total amount thereof in a. above.

(3) Non-auditing services

The Company and some of its subsidiaries commission the Accounting Auditor to provide the assurance engagements and other services in accordance with International Standards on Assurance Engagements, which are outside the scope of Article 2, Paragraph (1) of the Certified Public Accountants Act of Japan (non-auditing services).

(4) Policy regarding determination of removal or refusal of reappointing of Accounting Auditor

In addition to removal of the Accounting Auditors by the Board of Corporate Auditors in accordance with Article 340, Paragraph (1) of the Companies Act, the Board of Corporate Auditors may resolve the agenda regarding removal or refusal of reappointment of Accounting Auditors, and the Directors may submit the said agenda to the shareholders meeting if there is any event that has a substantial detriment on the Company's audit activities, or any other event in which serious doubts arise about the Accounting Auditors' ability to continue to perform their duties.

(Note) In line with the enforcement of the "Act for Partial Revision of the Companies Act" (Act No. 90 of 2014) as from May 1, 2015, the body to determine the agenda regarding removal or refusal of reappointment of Accounting Auditors was changed from the Board of Directors to the Board of Corporate Auditors.

5. Company's systems and policies

(1) System to ensure compliance by Directors, in performance of duties, to applicable laws and regulations as well as the Articles of Incorporation and system to ensure the appropriateness of other operations of the Company and operations of the corporate group composed of the Company and its subsidiaries

1. The following JAL Group "Fundamental Policies of Corporate Governance" have been established:

We maintain an awareness that our corporate group is a member of society at large with the duty to fulfill our corporate social responsibility and contribute to society as we develop our business, in addition to fulfilling our financial responsibility of earning adequate profits by providing high quality products through fair competition while maintaining flight safety, which is the core of our business, and providing the finest service to our customers.

Taking this into account, we have established JAL Philosophy in accordance with the JAL Group Corporate Policy, "JAL Group will pursue the material and intellectual growth of all our employees, deliver unparalleled service to our customers, and increase corporate value and contribute to the betterment of society." We will strive to increase corporate value and achieve accountability by establishing a corporate governance structure that results in high management transparency and strong management monitoring, while at the same time engaging in speedy and appropriate management decision making.

The Board of Directors has established corporate governance by adopting the Fundamental Policies of Corporate Governance as a key set of rules subsequent to the Companies Act, relevant laws and regulations and the Articles of Incorporation, and reviews it at least once a year. The directors aim to realize our Corporate Policy by putting JAL Philosophy into practice, and report the progress of implementation of JAL Philosophy at Board of Directors meetings.

[Strengthened Supervision and Checks on Executive Management]

1) Board of Directors

In order to separate the management monitoring function and business execution function, the Director, Chairman takes the chair at Board of Directors meetings and an appropriate number of two or more External Directors with a high level of independence are appointed.

In addition, in order to carry out efficient decision making, the Board of Directors may delegate decision making concerning matters set forth in the Administrative Authority Criteria Table to the Managing Executive Officers Committee, which is comprised of Directors and managing executive officers or higher executive officers, pursuant to Regulations for Kessai and Administrative Authority approved by the Board of Directors. Amendment to and abolishment of Managing Executive Officers Committee Regulations are decided by the Board of Directors.

2) Directors and Audit & Supervisory Board Members

In order to promote transparent and fair corporate activities and establish corporate governance, the management monitoring function is strengthened through the appointment of an appropriate number of two or more External Directors and half the number or more Audit & Supervisory Board Members.

Legal considerations are explained to Directors to ensure that they are aware of the duties of Directors, including the "fiduciary duty of loyalty" and the "duty of care of a prudent manager." Moreover, the term of office of Directors is one year in order to confirm their accountability for each fiscal year.

In order to ensure diversity, External Directors with vast knowledge and experience in various fields are appointed. In addition, in order to ensure independence, individuals who are not substantially independent under the Company's Independence Standards of External Directors are not appointed as External Directors.

Audit & Supervisory Board Members monitor important matters concerning corporate management and business operations and the execution of duties by reviewing important Ringi (internal approval process) documents, as well as participating in Board of Directors meetings and other important meetings.

External Audit & Supervisory Board Members are appointed from persons with vast knowledge and experience in various fields. Individuals who are not substantially independent under the Company's Independence Standards of External Directors are not appointed as external Audit & Supervisory Board Members. External Audit & Supervisory Board Members, together with other Audit & Supervisory Board Members, coordinate with the internal audit department and accounting auditors to ensure sound management by conducting audits from a neutral and objective standpoint.

Furthermore, Audit & Supervisory Board Members, together with staff members of the Audit & Supervisory Board Members' office, carry out an annual audit of each business location, subsidiary and affiliated company and report the results to the Representative Directors. Audit & Supervisory Board Members also share information with the audit department and Audit & Supervisory Board Member, hold meetings several times a year with the full-time Audit & Supervisory Board Members of subsidiaries to ensure and enhance auditing of JAL Group.

3) Independence standards for External Officers

We have established the following standards to determine independence of External Officers of the Company in order to establish a high corporate governance structure that results in high management transparency and strong management monitoring and increased corporate value. (Basically individuals who do not correspond to any of the following items are determined to be independent.)

Independence Standards of External Officers

1. An individual who has executed business (Note) of JAL and JAL Group consolidated subsidiaries at present or in the past ten years.
2. An individual who corresponded to the any of the items a ~ f in the past three years.
   a. A business counterpart or a person who executed business of such business counterpart, whose transactions with the Company for one business ear exceeded 1% of consolidated revenue of the Company or the business counterpart.
   b. A major shareholder or a person executing business of such shareholder having an equity ratio of 5% or more in the Company.
   c. A major lender of borrowings of the Company or a person executing business of such lender.
   d. An individual receiving contributions of over 10 million yen a year from the Company or a person belonging to an organization receiving such contributions.
   e. An individual receiving remuneration of over 10 million yen excluding Director's remuneration from the Company or a person belonging to an organization receiving remuneration exceeding 1% of consolidated revenue of the Company.
   f. In case a person executing business of the Company is assigned as External Director of another company, the person executing business of such other company.
3. The spouse or relative within second degree of kinship of individuals corresponding to 1 and 2.

(Note) A person executing business refers to an Executive Director or executive officer.

[Management Transparency and Information Disclosure]

1) Nominating Committee

When submitting a proposal to the general meeting of shareholders concerning the appointment of candidates to the positions of Director and Audit & Supervisory Board Members, the Board of Directors consults the Nominating Committee in order to make a comprehensive judgment of the personality, knowledge, ability, experience and performance of a candidate, and takes into account the Nominating Committee's report on such matters before passing any resolutions. The Nominating Committee is led by a chairman elected through a mutual vote among no more than five committee members comprising the President and Directors appointed with the approval of the Board of Directors. The majority of

Directors in this committee (other than the President) are External Directors.

2) Compensation Committee

When submitting a proposal to the general meeting of shareholders concerning the total amount of compensation for Directors and Audit & Supervisory Board Members, setting compensation amounts within the limits approved at the general meeting of shareholders and setting compensation amounts for executive officers, the Board of Directors ensures transparency and fairness in the decision making process by consulting the Compensation Committee, which is comprised of two or more External Directors and the President, and taking into account the Compensation Committee's report on such matters before passing any resolutions.

3) Personnel Committee

When appointing or discharging an executive officer, the Board of Directors consults the Personnel Committee and takes into account the Personnel Committee's report on such matters before passing any resolutions. The Personnel Committee is comprised of a maximum of five members, including the President and other Directors appointed by approval of the Board of Directors. The majority of Directors in this committee (other than the President) are external directors.

4) Officers Disciplinary Committee

Decisions concerning disciplinary action against Directors and executive officers are made by the Officers Disciplinary Committee. The Officers Disciplinary Committee is composed of not more than five members, including the President and other Directors appointed at a Board of Directors meeting. 'Other Directors' consist of a majority of External Directors. Any submission of proposals to the general meeting of shareholders concerning the removal of Directors requires the approval of the Board of Directors.

5) Information Disclosure

To enable our stakeholders including the customers to easily access JAL Group's corporate stance, the Fundamental Policies of Corporate Governance is made publicly available at all times.

[JAL Philosophy Education]

The Representative Director, President conducts JAL Philosophy Education for JAL Group directors, including the President, and employees in order to penetrate JAL Philosophy into JAL Group.

(Note) The contents of the above-mentioned fundamental policies were partially revised by a resolution at a meeting of the Company's Board of Directors held on April 30, 2015

2. The fundamental policies of the internal controls system have been established as follows:

To provide unparalleled service to the customers, increase corporate value, and contribute to the betterment of society, JAL Group has established the Fundamental Policies of Corporate Governance. To increase its effectiveness, we have established rules and organizations concerning the following systems and matters, and ensure that business operations are conducted appropriately in accordance with the Companies Act and Companies Act Enforcement Regulations. We evaluate and verify development and operation of the internal control system and implement corrective action when correction is required.

1) We have developed a system to ensure compliance with the Articles of Incorporation and laws

and regulations governing the execution of the duties of Directors.

a. We have established JAL Philosophy as behavioral guidelines of the Company. Directors and employees are encouraged to abide by these practices.

b. The Board of Directors decides the Fundamental Policies on the Internal Controls System and the General Affairs Department promotes development of the internal control system.

c. The General Affairs Department supervises compliance operations and monitors development and operation of relevant company regulations.

d. We have developed an audit system to ensure the duties of Directors and employees are executed in compliance with applicable laws and regulations.

2) We have developed a system concerning the preservation and management of information concerning the execution of the duties of Directors

We preserve and manage information concerning the execution of duties of Directors in compliance with applicable laws and regulations and company regulations.

3) We have developed regulations and other systems concerning risk management of losses.

In order to manage risks to JAL Group, we have established a Council for Safety Enhancement, a Risk Management Committee, and a Financial Risk Committee, etc. to appropriately manage risks, and the General Affairs Department has established Guidance for JAL Group Internal Control to monitor the appropriateness of duties and proactively prevent risks of losses. In addition, we are prepared in the event of a risk of losses and strive to minimize losses.

4) We have developed a system to ensure that the duties of Directors are executed efficiently.

a. We hold ordinary Board of Directors meetings once a month and extraordinary meetings when it is necessary to make important decisions regarding group management policies and plans. In addition, to ensure the duties of Directors are executed efficiently, we have established meeting structures such as the Executive Committee and Group Earning Announcement Session.

b. We have defined administrative authority, authority of managerial posts, division of duties, etc. in accordance with company regulations, and have segregated authority in order to ensure that duties are executed efficiently.

5) We have developed a system to ensure that duties in JAL Group are executed appropriately.

a. We have established JAL Group Business Management Regulations to ensure that each subsidiary has established a system to carry out management in a fair and efficient manner in accordance with JAL Philosophy. The General Affairs Department has also enacted Guidance for JAL Group Internal Control and continuously monitors the appropriateness of duties.

b. We have developed a system to report matters concerning the execution of the duties of Directors of subsidiaries, etc. to the Company.

c. We have developed regulations and other systems for risk management of losses of subsidiaries.

d. We have developed a system to ensure the duties of Directors of subsidiaries, etc. are executed efficiently.

e. We have developed a system to ensure that Directors, etc., and employees of subsidiaries execute duties in compliance with applicable laws, regulations and the Articles of Incorporation.

6) We have developed a system concerning employees in case Audit & Supervisory Board Members require the assignment of employees to support their duties, a system concerning independence of such employees from Directors, and a system to ensure that instructions by Audit & Supervisory Board Members to those employees are effective.

7) We have developed a system concerning reports, etc. to Audit & Supervisory Board Members

a. We have developed a system for Directors and employees to report to corporate auditors.

b. We have developed a system for Directors, Audit & Supervisory Board Members, employees or persons who receive reports from them to report to Audit & Supervisory Board Members.

c. We have developed a system to ensure that persons who report are not subjected to disadvantageous treatment as a result of reporting.

8) We have developed a system for advance payment or repayment of costs arising from the execution of the duties of Audit & Supervisory Board Members and the policy for processing of costs or liabilities arising from the execution of other duties.

9) We have developed other systems to ensure that audits by the Board of Corporate Auditors or Audit & Supervisory Board Members are executed effectively.

(Note) The “Act for Partial Revision of the Companies Act” (Act No. 90 of 2014) and the “Ministerial Ordinance for Partial Revision of the Ordinance for Enforcement of the Companies Act” (Ordinance of the Ministry of Justice No. 6 of 2015) were enforced on May 1, 2015. Accordingly, the Company partially revised the contents of the above-mentioned fundamental principles by a resolution at a meeting of the Company’s Board of Directors held on April 30, 2015, and the contents shown above are those after the said revisions.

(2) Policy on distribution of profits and dividends

Passing benefits to our shareholders is one of the most important management goals of the Company. It is our basic policy to continue distributing benefits to our shareholders in the form of dividends, while executing capital expenditures to respond to business growth in the future and changes in business conditions, and management internal reserves for building a strong financial structure.

Any fractions in the amounts and volumes shown in this business report are rounded down and those in the ratios are principally rounded off.

Consolidated Balance Sheet

As of March 31, 2015

(Millions of yen)

ASSETS	
Current assets	
Cash and time deposits	364,988
Notes and accounts receivable – trade	142,150
Flight equipment spare parts and supplies	19,754
Deferred income tax assets	12,448
Other	76,931
Allowance for doubtful accounts	(817)
Total current assets	615,455
Fixed assets	
Tangible fixed assets	
Buildings and structures, net	33,686
Machinery, equipment and vehicles, net	7,714
Flight equipment, net	491,295
Land	1,793
Construction suspense account	97,752
Other tangible fixed assets, net	7,016
Total tangible fixed assets	639,258
Intangible fixed assets	
Software	61,668
Other intangible fixed assets	1,505
Total intangible assets	63,174
Investments and other assets	
Investments in securities	93,185
Long-term loans receivable	9,343
Deferred income tax assets	3,860
Asset for retirement benefit	1,974
Other investments	47,362
Allowance for doubtful accounts	(258)
Total investments and other assets	155,466
Total fixed assets	857,899
Total assets	1,473,354

Consolidated Balance Sheet

As of March 31, 2015

(Millions of yen)

LIABILITIES	
Current liabilities	
Accounts payable − trade	144,846
Short-term debt	106
Current maturities of long-term debt	7,807
Lease liabilities	25,123
Accounts payable-installment purchase	174
Advances received	78,770
Provision for losses on business of subsidiaries and affiliates	3,889
Deferred tax liabilities	181
Other	112,174
Total current liabilities	373,074
Non-current liabilities	
Long-term debt	43,809
Lease liabilities	22,548
Long-term accounts payable-installment purchase	1,025
Reserve for loss on antitrust liabilities	5,858
Liability for retirement benefit	191,635
Deferred tax liabilities	2,317
Asset retirement obligations	3,419
Other	28,914
Total non-current liabilities	299,528
Total liabilities	672,603
NET ASSETS	
Shareholders' equity	
Common stock	181,352
Capital surplus	183,042
Retained earnings	421,137
Treasury stock	(538)
Total shareholders' equity	784,992
Accumulated other comprehensive income	
Net unrealized gain on other securities, net of taxes	24,334
Net unrealized gain on hedging instruments, net of taxes	(15,612)
Translation adjustments	(4,101)
Remeasurement of defined benefit plans	(13,136)
Total accumulated other comprehensive income	(8,516)
Minority interests	24,275
Total net assets	800,751
Total liabilities and net assets	1,473,354

Consolidated Statement of Income

(April 1, 2014 – March 31, 2015)

(Millions of yen)

Operating revenues	1,344,711
Cost of operating revenues	986,723
Gross operating profit	357,988
Selling, general and administrative expenses	178,298
Operating income	179,689
Non-operating income	
Interest income	808
Dividend income	1,097
Foreign exchange gains	1,889
Gain on sale of flight equipment	3,154
Other	3,376
Total non-operating income	10,326
Non-operating expenses	
Interest expense	1,665
Loss on sales of flight equipment	6,954
Equity in loss of affiliates	2,609
Other	3,510
Total non-operating expenses	14,740
Ordinary income	175,275
Extraordinary gains	
Gain on compensation	846
Gain on sales of investment securities	121
Other	206
Total extraordinary gains	1,175
Extraordinary losses	
Provision for losses on business of subsidiaries and affiliates	3,889
Loss on cancellation of lease	1,454
Impairment loss	881
Other	323
Total extraordinary losses	6,549
Income before income taxes and minority interests	169,901
Income taxes – current	14,656
Income taxes – deferred	1,319
Net income before minority interests	153,925
Minority interests	4,880
Net income	149,045

Consolidated Statement of Changes in Net Assets

(April 1, 2014 – March 31, 2015)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the end of pervious period	181,352	183,043	332,067	(130)	696,332
Cumulative effects of changes in accounting policies			(30,965)		(30,965)
Balance at the beginning of the period reflected changes in accounting policies	181,352	183,043	301,102	(130)	665,367
Changes of items during the period					
Dividends of surplus			(29,010)		(29,010)
Net income			149,045		149,045
Repurchase of treasury stock				(408)	(408)
Changes in equity interest		(0)			(0)
Net changes of items other than shareholders' equity during the period					
Total changes during the period	–	(0)	120,034	(408)	119,625
Balance at the end of the period	181,352	183,042	421,137	(538)	784,992

	Accumulated other comprehensive income					Minority interests	Total net assets
	Net unrealized gain on other securities, net of taxes	Net unrealized gain on hedging instruments, net of taxes	Translation adjustments	Remeasurement of defined benefit plans	Total accumulated other comprehensive income		
Balance at the end of pervious period	6,450	6,887	(5,187)	(14,193)	(6,044)	20,775	711,064
Cumulative effects of changes in accounting policies							(30,965)
Balance at the beginning of the period reflected changes in accounting policies	6,450	6,887	(5,187)	(14,193)	(6,044)	20,775	680,099
Changes of items during the period							
Dividends of surplus							(29,010)
Net income							149,045
Repurchase of treasury stock							(408)
Changes in equity interest							(0)
Net changes of items other than shareholders' equity during the period	17,883	(22,499)	1,085	1,056	(2,472)	3,499	1,026
Total changes during the period	17,883	(22,499)	1,085	1,056	(2,472)	3,499	120,651
Balance at the end of the period	24,334	(15,612)	(4,101)	(13,136)	(8,516)	24,275	800,751

Notes to Consolidated Financial Statements

(Base of Preparation of the Consolidated Financial Statements)

1. Scope of consolidation

(1) Consolidated subsidiaries

Number of consolidated subsidiaries: 58

Names of principal consolidated subsidiaries:

JAL Express, J-Air Corporation, Japan Transocean Air Co., Ltd.

JALPAK International (Germany) GmbH, which had been a consolidated subsidiary, was excluded from the scope of consolidation from the current fiscal year since equity invested in the company was transferred.
JAL Express Co., Ltd., which had been a consolidated subsidiary, was excluded from the scope of consolidation from the current fiscal year since it disappeared in an absorption-type merger where the Company was the surviving company.
Hokkaido Air System Co., Ltd. is included in the scope of consolidation from the current fiscal year since the Company acquired its shares.
Moreover, JAL SIMULATOR ENGINEERING CO., LTD., which had been a consolidated subsidiary, was excluded from the scope of consolidation since the Company transferred its shares.

(2) Non-consolidated subsidiaries

Name of principal non-consolidated subsidiary: Naha Airport Service Co., Ltd

Since the amounts of accounts of non-consolidated subsidiaries, such as total assets, net sales, net income or loss, retained earnings and others are small in value terms and of little importance as a whole, these companies have a materially insignificant impact on the consolidated financial statements and were therefore excluded from the scope of consolidation.

2. Application of the equity method

(1) Number of non-consolidated affiliated company accounted for by the equity-method

Number of non-consolidated subsidiaries and affiliates accounted for by the equity method: 14

Names of principal non-consolidated subsidiaries and affiliates accounted for by the equity method:

JALUX Co., Ltd., Airport Facility Co., Ltd.

Loyalty Marketing, Inc. is included in the scope of the equity method from the current fiscal year since the Company acquired its new shares through a third-party share allocation.
In addition, Aviation Training Northeast Asia B.V. is included in the scope of the equity method from the current fiscal year since it was newly established.

(2) Non-consolidated subsidiaries and affiliates not accounted for by the equity method

Name of principal non-consolidated subsidiary and affiliate not accounted for by the equity method:

Naha Airport Service Co., Ltd,

Non-consolidated subsidiaries and affiliated companies not applicable to the equity method have been excluded from the scope of the equity method, as they have very low impact on net profit/loss, retained earnings and others, and as a whole, they do not have a material impact on the consolidated financial statements.

3. Fiscal year of consolidated subsidiaries

The balance sheet dates of 9 of the consolidated subsidiaries, including JAL HAWAII, INCORPORATED, are December 31.

Any significant differences arising on intercompany transactions during the period between these dates and the consolidated balance sheet date have been adjusted if necessary.

4. Summary of significant accounting policies

(1) Valuation of significant assets

a. Securities:

Bonds held to maturity: Amortized cost method

Other securities (securities classified as such):

With market value: Evaluated based on the market price method according to market price, etc. on the date of financial closing (the difference in market price is reported as a component of net assets, and the cost of securities sold is mainly calculated by the moving-average method.)

Without market value: Principally stated at cost based on the moving average method

b. Inventories:

Inventories are principally stated at cost based on the moving-average method (regarding balance sheet values, however, they are calculated by a method that reduces book value on the basis of declines in profitability).

c. Derivatives:

Derivative positions are stated at fair value.

(2) Depreciation of fixed assets

a. Aircraft (excluding leased assets): Straight-line method

b. Tangible fixed assets other than aircraft (excluding leased assets):

Japan Airlines Co., Ltd	Straight-line method
Other companies	Principally the declining-balance method

c. Intangible fixed assets (excluding leased assets): Straight-line method

d. Leased assets

Leased assets in finance lease transactions that transfer ownership

We use the same method as the depreciation method applied to fixed assets owned by the Company.

Leased assets in finance lease transactions that do not transfer ownership

We use the straight-line depreciation method with the lease period as the useful life, and residual value as zero.

(3) Significant provisions

a. Reserve for loss on antitrust liabilities

To prepare for payment of court fees or compensation, etc. relating to a price cartel, an estimated amount of losses in the future is recorded.

b. Provision for losses on business of subsidiaries and affiliates

To provide for losses arising from the related business, an estimated amount of losses in the future is recorded.

c. Allowance for doubtful accounts

To provide for losses due to unrecoverable claims, ordinary claims are accounted using the historical loan loss ratio and doubtful and other specified claims are reported in amounts expected to unrecoverable based on individual consideration of recoverability.

(4) Significant foreign currency accounts

Foreign currency receivables and payables are translated into yen at the applicable year-end exchange rate and any gain or loss on translation is included in current earnings. Translation adjustments arising from the translation of assets, liabilities, revenues and expenses of overseas consolidated subsidiaries and affiliates accounted for by the equity method into yen at the applicable exchange rates at the year end are presented in minority interests and translation adjustments in the consolidated balance sheet.

(5) Significant hedge accounting

Gain or loss on derivatives designated as hedging instruments is deferred until the loss or gain on the underlying hedged items is recognized. Transactions under foreign exchange forward contracts are translated at the applicable forward foreign exchange rates.

(6) Accounting treatment of retirement benefit

To provide for employees' severance indemnities, asset and liability for retirement benefit are accounted for based on the projected amount at the end of the current fiscal year, and the difference between benefit obligations and the plan assets is recognized.

The unrecognized obligation at transition is amortized by the straight-line method principally over a period of 15 years.

The adjustment for actuarial assumptions is amortized by the straight-line method over a period ranging from 5 to 15 years, which is less than the average remaining years of service as incurred of the active participants in the plans. Amortization is computed from the period subsequent to the year in which the adjustment was recorded.

Past service cost is principally charged to income as incurred. However, at certain subsidiaries, past service cost is amortized by the straight-line method over a period which is less than the average remaining years of service as incurred of the active participants in the plans.

Unrecognized adjustment for actuarial assumptions, unrecognized past service cost and the unappropriated amount of unrecognized obligation at transition are recorded under remeasurements of defined benefit plans under accumulated other comprehensive income within the net asset section after adjusting for tax effects.

(7) Treatment of consumption taxes

Transactions subject to national and local consumption taxes are recorded at amounts exclusive of consumption taxes.

(8) Amortization of goodwill

Goodwill acquired is amortized by the straight-line method over a period of 3 to 5 years.

5. Change of accounting policy

Application of Accounting Standard for Retirement Benefits, etc.

The "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, March 26, 2015), for the provisions of the main clauses of paragraph 35 of the Accounting Standard for Retirement Benefits and paragraph 67 of the Guidance on Accounting Standard for Retirement Benefits, are applied effective from the current consolidated fiscal year.

The Company has reviewed the calculation methods of retirement benefit obligations and current service costs and has changed the method of attributing expected benefit to periods from the straight-line basis primarily to the benefit formula basis and the method for determining the discount rate from the discount rate based on the remaining years of service to a single weighted average discount rate.

Application of the Accounting Standard for Retirement Benefits and Guidance on Accounting Standard for Retirement Benefits is in line with the transitional measures provided in paragraph 37 of the Accounting Standard for Retirement Benefits, and the effects of the change in the calculation methods of retirement benefit obligations and current service costs have been added to or deducted from retained earnings as of the beginning of the current consolidated fiscal year.

As a result of the change, retained earnings as of the beginning of the current consolidated fiscal year decreased by 30,965 million yen. For the current consolidated fiscal year, operating income increased by 2,301 million yen, and ordinary income and income before income taxes and minority interests increased by 2,302 million yen, respectively.

Net assets per share as of the end of the current consolidated fiscal year decreased by 79.17 yen, and net income per share for the current consolidated fiscal year increased by 6.25 yen.

Application of Accounting Standard for Business Combinations, etc.

Application of the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013), "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013), "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013), etc. was permitted from the beginning of the current consolidated fiscal year. The JAL Group has applied these accounting standards, etc., except for provisions in paragraph 39 of the Accounting Standard for Consolidated Financial Statements, from the current consolidated fiscal year, and has recorded as capital surplus any difference arising from changes in the Company's equity interest in subsidiaries that do not result in the Company losing control of the subsidiaries and has changed to a method to account for acquisition-related costs as expenses in the consolidated accounting periods in which the costs are incurred.

Furthermore, as for any business combination effected on or after the beginning of the current consolidated fiscal year, the JAL Group has changed to a method by which any revised allocation of the acquisition cost as a result of determination of the provisional accounting for the business combination is reflected in the consolidated financial statements for the consolidated accounting period to which the date of the business combination belongs. The JAL Group has applied the Accounting Standard for Business Combinations, etc., in accordance with transitional provisions in paragraph 58-2 (4) of the Accounting Standard for Business Combinations, paragraph 44-5 (4) of the Accounting Standard for Consolidated Financial Statements and paragraph 57-4 (4) of the Accounting Standard for Business Divestitures, prospectively at the beginning of the current consolidated fiscal year.

The impact of this application on income before income taxes and minority interests for the current consolidated fiscal year and capital surplus as of the end of the current consolidated fiscal year is insignificant.

6. Change of presentation

(Consolidated statement of income)

Loss on valuation of flight equipment spare parts and supplies

"Loss on valuation of flight equipment spare parts and supplies" (922 million yen for the current fiscal year), which was separately recorded under "Non-operating expenses" in the previous fiscal year, was not more than 10% of total non-operating expenses and is therefore included in "Other" from the current fiscal year.

Gain on sales of investment securities

"Gain on sales of investment securities" (929 million yen for the previous fiscal year), which was included in "Other" under "extraordinary gains" in the previous fiscal year, exceeded 10% of total extraordinary gains and is therefore separately recorded from the current fiscal year.

7. Notes to consolidated balance sheet

(1) All amounts of less than one million yen have been rounded down in the accounts.

(2) Accumulated depreciation of tangible fixed assets 336,569 million yen

(3) Assets pledged as collateral and obligations secured by such collateral

Assets pledged as collateral

・Aircraft	144,255 million yen
・Others	27,350 million yen

Obligations secured by such collateral

・Current maturities of long-term debt, etc.	7,712 million yen
・Long-term debt, etc.	41,736 million yen

The above amounts include assets for which revolving pledge has been established to secure debts of Tokyo International Air Terminal Corporation, an affiliate, under the syndicated loan agreement concluded between Tokyo International Air Terminal Corporation and financial institutions for the business that is the objective of this company's establishment. The above amounts also include guarantee money paid to banks with which JAL does business for derivative transactions.

(4) Contingent liabilities

・Guarantee liabilities	227 million yen

8. Notes to consolidated statement of income

All amounts of less than one million yen have been rounded down in the accounts.

9. Notes to consolidated statement of changes in net assets

(1) All amounts of less than one million yen have been rounded down in the accounts.

(2) Total number of issued shares at the end of the current fiscal year

Total number of issued shares Common stock 362,704 thousand shares
Treasury stock 203 thousand shares

(3) Dividends

a. Dividends paid

Resolution	Class of shares	Source of dividends	Total amount of dividends (million yen)	Dividends per share (yen)	Record date	Effective date
June 18, 2014 General Meeting of Shareholders	Common stock	Retained earnings	29,016	160 yen	March 31, 2014	June 19, 2014

(Notes) 1. Total amount of dividends includes dividends of 5 million yen for treasury stock (common stock) held by companies accounted for by the equity-method.
2. The Company conducted a stock split of common stock at a ratio of two shares for every share on the effective date of October 1, 2014.
Dividends per share represent actual dividends before the stock split.

b. Dividends for which the record date is in the current fiscal period and the effective date falls in the following period

Resolution	Class of shares	Source of dividends	Total amount of dividends (million yen)	Dividends per share (yen)	Record date	Effective date
June 17, 2015 (planned) General Meeting of Shareholders	Common stock	Retained earnings	37,707	104 yen	March 31, 2015	June 18, 2015

10. Financial instruments

(1) Status of financial instruments

a. Policy on handling of financial instruments

The JAL Group procures funds for investment in necessary aircraft and other equipment, etc. from own funds based on operating activities as well as through loans from financial institutions including banks in light of its capital expenditure plan mainly for the air transport business. As for borrowings, short-term debt is principally for funds for ordinary expenditure, while long-term debt is chiefly for funds for capital expenditure. Lease liabilities in association with financial lease transactions are mainly for funds for capital expenditure. The JAL Group, by policy, utilizes derivatives to evade risks described hereafter and not for the purpose of speculative transactions.

b. Contents of financial instruments and associated risks, and risk management system

(i) Credit risk

Trade accounts receivable, which are operating receivables, are exposed to the credit risk of customers. For this risk, management of payment date and balances is conducted for each counterparty, and the credit status of major counterparties is monitored periodically. Short-term investments in securities and investments in securities are investments in stocks of companies with which the JAL Group holds business relationships. Fair values of these securities and financial conditions, etc. of issuers are monitored periodically and necessary measures are taken. As for trade accounts payable, most of the items are due for payment within one year. When conducting derivative transactions, the JAL Group has such transactions only with financial institutions with high credit standings in order to mitigate credit risk.

(ii) Market risk

As for Short-term investments in securities and investments in securities, fair value and financial conditions, etc. of issuers are monitored periodically, and the status of holdings is reviewed continuously in consideration of market conditions and relationships with counterparties. Variable-rate debts and foreign currency liabilities are exposed to risk of fluctuations in interest rate and exchange. In order to avoid this risk, the JAL Group utilizes derivative transactions. As for derivatives, currency option contracts for purchase price of aircraft fuel and liabilities denominated in specific foreign currencies and linked to foreign currencies are used to avoid risk of future fluctuations in foreign exchange rate on foreign currency liabilities in the market. Commodity derivatives are also used for the purpose of controlling risk of

fluctuations in prices of commodities including aircraft fuel and stabilizing costs.
Execution and management of derivative transactions are conducted in accordance with the internal rules on risk management that stipulate the amount of trading limit and other internal rules that set forth power in transactions, after the department in charge receives approval from the person who makes the final decision. Furthermore, meetings are held every month in principle with attendance of executives in charge to report monthly records of transactions, monitor volume of risk at the time, make decision on methods for hedging risk and percentage of hedge, and confirm contents of transactions.

c. Supplementary explanation on the fair value of financial instruments, etc.
The fair value of financial instruments include, in addition to the value based on market price, a value rationally computed in the absence of market value. The computation of such a value incorporates fluctuation factors, and if different preconditions, etc. are adopted, the value may be subject to fluctuation.
The amounts of derivative contracts, etc. in "2. Fair values of financial instruments, etc." do not indicate market risk relating to the derivative transactions.

(2) Fair value of financial instruments, etc.
Amounts on the consolidated balance sheet as of March 31, 2015, fair value and the variance are as follows. Description of fair value is omitted in the table below in case it is extremely difficult to obtain the value. Please refer to (Note 2).

(Millions of yen)

	Carrying amount on consolidated balance sheet	Fair value	Variance
(1) Cash and time deposits	364,988	364,988	−
(2) Notes and accounts receivable − trade	142,150	142,150	−
(3) Short-term investments in securities and investments in securities			
Shares of subsidiaries and affiliates	14,648	14,462	(186)
Other securities	50,105	50,105	−
Total assets	571,893	571,706	(186)
(1) Accounts payable − trade	144,846	144,846	−
(2) Short-term debt	106	106	−
(3) Long-term debt (*1)	51,617	51,617	−
(4) Lease liabilities (*2)	47,671	47,671	−
(5) Long-term accounts payable-installment purchase (*3)	1,200	1,200	−
Total liabilities	245,442	245,442	−
Derivative transactions (*4)	(14,086)	(13,876)	209

*1. Include long-term debt due within one year.
*2. Include long-term lease liabilities due within one year.
*3. Include long-term accounts payable-installment purchase due within one year.
*4. Net receivables and payables arising from derivative transactions are shown in net amounts.
Figures in parentheses are posted to liabilities.
Items to which hedge accounting is not applied are omitted because they are insignificant.

(Note 1) Matters concerning measurement method for fair value of financial instruments and securities and derivative transactions

Assets

(1) Cash and time deposits, and (2) Notes and accounts receivable − trade

As these items are settled in a short term and the fair value is close to book value, they are presented in book value.

(3) Short-term investments in securities and investments in securities

The fair value of these items is mainly based on market prices. Please refer to "Securities" for notes on securities by holding purpose.

Liabilities

(1) Accounts payable − trade, and (2) Short-term debt

As these items are settled in a short term and the fair value is close to book value, they are presented in book value.

(3) Long-term debt, (4) Lease liabilities, and (5) Long-term accounts payable-installment purchase

The fair value of these items is calculated by discounting the total amount of principal and interest by the expected interest rate assumed for a similar new loan.

Derivative transactions

Please refer to "Derivative transactions".

(Note 2) Financial instruments for which identification of fair value is extremely difficult

(Millions of yen)

	Carrying amount on consolidated balance sheet
Shares of subsidiaries and affiliates	19,653
Bonds held to maturity	3,330
Other securities	5,447

These items do not have market prices and a considerable cost is likely to be incurred to estimate future cash flow. They are not therefore included in "Assets (3) Short-term investments in securities and investments in securities" because it is deemed to be extremely difficult to identify their fair value.

Securities

1. Other securities with fair value (Millions of Yen)

Other securities of which carrying amount on the consolidated balance sheet exceeds the acquisition cost

	Acquisition cost	Carrying amount on consolidated balance sheet	Variance
Stocks	15,913	50,105	34,191
Subtotal	15,913	50,105	34,191

Other securities of which carrying amount on the consolidated balance sheet does not exceed the acquisition cost

	Acquisition cost	Carrying amount on consolidated balance sheet	Variance
Stocks	−	−	−
Subtotal	−	−	−
Total	15,913	50,105	34,191

2. Other securities sold during the current fiscal year (Millions of Yen)

Amount sold	Total gain on sales of securities	Total loss on sales of securities
54	0	−

Derivative transactions

1. Derivatives to which hedge accounting is not applied
   Omitted due to lack of importance.

2. Derivatives to which hedge accounting is applied
   As for derivatives trading requiring hedge accounting, the contracted amount or principal equivalent amounts provided in contracts on the closing date on a consolidated basis by hedge accounting method are as below.

(Millions of Yen)

Hedge accounting	Type of transactions	Main hedged items	Contract amount		Estimated fair value	Method of measuring the fair value
				Over 1 year		
Principle treatment	Foreign exchange forwards Long:					
	USD	Trade accounts payable	37,248	1,690	3,624	Based on forward quotation
	EUR	Trade accounts payable	3,284	–	(211)	
	Other	Trade accounts payable	1,303	–	(32)	
	Currency option Long:					
	Call options	Trade accounts payable	183,843	28,723	19,433	Based on prices provided by financial institutions with which JAL does business, etc.
	Short:					
	Put option	Trade accounts payable	97,158	26,186	(869)	
	Commodity swaps Receivable floating/payable fixed	Aviation fuel	113,996	30,971	(36,044)	Based on prices provided by financial institutions with which JAL does business, etc.
	Commodity swaps Long: Call options	Aviation fuel	158,887	–	13	Based on prices provided by financial institutions with which JAL does business, etc.
Translation of foreign currency receivables and payables using the contracted rates	Foreign exchange forwards Long:					
	USD	Trade accounts payable	1,102	–	226	Based on forward quotation
	EUR	Trade accounts payable	282	–	(19)	
	Other	Trade accounts payable	80	–	2	
Total					(13,876)	

11. Investment and rental properties

Because the total amount of investment and rental properties is insignificant, notes on these items are omitted.

12. Per share information

(1) Net assets per share 2,142.00 yen

(2) Net income per share 411.06 yen

(Note) The Company conducted a stock split of common stock at a ratio of two shares for every share on the effective date of October 1, 2014. Consequently, net income per share is calculated on the assumption that the said stock split was conducted at the beginning of the current fiscal year.

Non-consolidated Balance Sheet

As of March 31, 2015

(Millions of yen)

ASSETS	
Current assets	
Cash and time deposits	349,592
Accounts receivable	150,431
Flight equipment spare parts and supplies	16,046
Short-term prepaid expenses	7,315
Deferred tax assets	10,860
Other current assets	73,228
Allowance for doubtful accounts	(113)
Total current assets	607,361
Fixed assets	
Tangible fixed assets	
Buildings, net	28,331
Structure, net	72
Machinery, equipment, net	3,793
Flight equipment, net	479,065
Vehicles, net	719
Tools, furniture and equipment	6,104
Land	1,246
Construction suspense account	90,692
Total tangible fixed assets	610,026
Intangible fixed assets	
Software	59,855
Other intangible fixed assets	4
Total intangible assets	59,859
Investments and other assets	
Investments in securities	54,796
Investment securities in subsidiaries and affiliates	71,948
Corporate bonds of subsidiaries and affiliates	3,330
Long-term loans receivable	9,284
Long-term prepaid expenses	1,526
Deferred income tax assets	185
Other investments	42,478
Allowance for doubtful accounts	(109)
Total Investments and other assets	183,440
Total fixed assets	853,327
Total assets	1,460,688

Non-consolidated Balance Sheet

As of March 31, 2015

(Millions of yen)

Liabilities	
Current liabilities	
Accounts payable-trade	162,867
Short-term debt	123,035
Current maturities of long-term debt	7,127
Accounts payable - other	16,422
Lease liabilities	24,778
Accounts payable-installment purchase	174
Accrued income taxes	742
Accrued expenses	8,618
Advances received	64,466
Deposits received	18,765
Air transport deposits received	24,459
Other current liabilities	33,009
Total current liabilities	484,467
Non-current liabilities	
Long-term debt	40,853
Lease liabilities	20,950
Long-term accounts payable-installment purchase	1,025
Accrued pension and severance costs	151,444
Reserve for loss on antitrust liabilities	5,858
Other non-current liabilities	27,650
Total non-current liabilities	247,783
Total liabilities	732,251
Net Assets	
Shareholders' equity	
Common stock	181,352
Capital surplus	
Capital reserves	174,493
Total capital surplus	174,493
Retained earnings	
Other retained earnings	
Retained earnings brought forward	364,967
Total retained earnings	364,967
Treasury stock	
Treasury stock	(408)
Total Treasury stock	(408)
Total shareholders' equity	720,404
Valuation, translation adjustments and other	
Net unrealized gain on other securities, net of taxes	23,819
Net unrealized gain on hedging instruments, net of taxes	(15,786)
Total valuation, translation adjustments and other	8,032
Total net assets	728,437
Total liabilities and net assets	1,460,688

(Note) Accumulated depreciation of tangible fixed assets: 279,499 million yen

Non-consolidated Statement of Income

(April 1, 2014 – March 31, 2015)

	(Millions of yen)
Operating revenues	1,090,140
Cost of operating revenues	825,467
Gross operating profit	264,673
Selling, general and administrative expenses	136,049
Operating income	128,623
Non-operating income	
Interest income and dividend income	14,179
Foreign exchange gains	1,944
Other non-operating income	5,534
Total non-operating income	21,659
Non-operating expenses	
Interest expense	1,734
Other non-operating expenses	9,920
Total non-operating expenses	11,655
Ordinary income	138,627
Extraordinary gains	
Gain on extinguishment of tie-in shares	26,980
Other	861
Total extraordinary gains	27,841
Extraordinary losses	
Loss on valuation of investment securities in subsidiaries and affiliates	3,959
Loss on cancellation of lease	1,454
Impairment loss	820
Other	282
Total extraordinary losses	6,517
Net income before income taxes	159,951
Income taxes – current	(3,984)
Income taxes – deferred	760
Net income	163,175

Non-consolidated Statement of Changes in Net Assets

(April 1, 2014 – March 31, 2015)

(Millions of yen)

	Shareholders' equity						
		Capital Surplus		Retained earnings			
	Common stock	Capital reserves	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings	Treasury stock	Total share-holders' equity
Balance at the end of pervious period	181,352	174,493	174,493	264,863	264,863	(0)	620,708
Cumulative effects of changes in accounting policies				(34,054)	(34,054)		(34,054)
Balance at the beginning of the period reflected changes in accounting policies	181,352	174,493	174,493	230,808	230,808	(0)	586,653
Changes of items during the period							
Dividends of surplus				(29,016)	(29,016)		(29,016)
Net income				163,175	163,175		163,175
Repurchase of treasury stock						(408)	(408)
Net changes of items other than shareholders' equity during the period							
Total changes during the period	-	-	-	134,158	134,158	(408)	133,750
Balance at the end of the period	181,352	174,493	174,493	364,967	364,967	(408)	720,404

	Valuation, translation adjustments and other			Total net assets
	Net unrealized gain on other securities, net of taxes	Net unrealized gain on hedging instruments, net of taxes	Total valuation, translation adjustments and other	
Balance at the end of pervious period	6,241	6,703	12,945	633,653
Cumulative effects of changes in accounting policies				(34,054)
Balance at the beginning of the period reflected changes in accounting policies	6,241	6,703	12,945	599,599
Changes of items during the period				
Dividends of surplus				(29,016)
Net income				163,175
Repurchase of treasury stock				(408)
Net changes of items other than shareholders' equity during the period	17,577	(22,489)	(4,912)	(4,912)
Total changes during the period	17,577	(22,489)	(4,912)	128,838
Balance at the end of the period	23,819	(15,786)	8,032	728,437

Notes to Non-Consolidated Financial Statements

1. Summary of significant accounting policies

(1) Valuation of securities

Bonds held to maturity: Amortized cost method

Investment securities in subsidiaries and affiliates

Cost method based on the moving-average method

Other securities (securities classified as such):

With market value: Evaluated based on the market price method according to market price, etc. on the date of financial closing (the difference in market price is reported in as a component of net assets, and the cost of securities sold is calculated by the moving-average method.)

Without market value: Stated at cost based on the moving average method

(2) Valuation principles and methods of inventories

Inventories are principally stated at cost based on the moving average method (regarding balance sheet values, however, they are calculated by a method that reduces book value on the basis of declines in profitability).

(3) Depreciation of fixed assets

Tangible fixed assets (excluding leased assets): Straight-line method

Intangible fixed assets (excluding leased assets): Straight-line method

Leased assets

Leased assets in finance lease transactions that transfer ownership

We use the same method as the depreciation method applied to fixed assets owned by the Company.

Leased assets in finance lease transactions that do not transfer ownership

We use the straight-line depreciation method with the lease period as the useful life, and residual value as zero.

(4) Accounting standards of provisions

Accrued pension and severance costs

Net periodic pension cost is accounted for based on the projected benefit obligation and the plan assets.

Actuarial gains and losses are amortized using the straight-line method over a period of 13 to 14 years from the period subsequent to the period in which they are incurred.

Past service cost is charged to income as incurred.

Allowance for doubtful accounts

Ordinary claims are accounted using the historical loan loss ratio and doubtful and other specified claims are reported in amounts expected to unrecoverable considering the recoverability.

Reserve for loss on antitrust liabilities

To prepare for payment of court fees or compensation, etc. relating to a price cartel, an estimated amount of losses in the future is recorded.

(5) Hedge accounting

Gain or loss on derivatives designated as hedging instruments is deferred until the loss or gain on the underlying hedged items is recognized. Transactions under foreign exchange forward contracts are translated at the applicable forward foreign exchange rates.

(6) Treatment of consumption taxes

Recorded at amounts exclusive of consumption taxes.

2. Change of accounting policy

Application of Accounting Standard for Retirement Benefits, etc.

The "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, March 26, 2015), for the provisions of the main clauses of paragraph 35 of the Accounting Standard for Retirement Benefits and paragraph 67 of the Guidance on Accounting Standard for Retirement Benefits, are applied effective from the current fiscal year. The Company has reviewed the calculation methods of retirement benefit obligations and current service costs and has changed the method of attributing expected benefit to periods from the straight-line basis to the benefit formula basis and the method for determining the discount rate from the discount rate based on the remaining years of service to a single weighted average discount rate.

Application of the Accounting Standard for Retirement Benefits and Guidance on Accounting Standard for Retirement Benefits is in line with the transitional measures provided in paragraph 37 of the Accounting Standard for Retirement Benefits, and the effects of the change in the calculation methods of retirement benefit obligations and current service costs have been added to or deducted from retained earnings brought forward as of the beginning of the current fiscal year.

As a result of the change, accrued pension and severance costs as of the beginning of the current fiscal year increased by 34,054 million yen, and retained earnings brought forward decreased by 34,054 million yen.

For the current fiscal year, operating income, ordinary income and net income before income taxes increased by 2,008 million yen, respectively.

3. Change of presentation

"Gain on compensation" under "Extraordinary gains," which was separately recorded in the previous fiscal year, was not more than 10% of total extraordinary gains and is therefore included in "Other" from the current fiscal year. For the current fiscal year, it was 846 million yen and included in "Other" under extraordinary gains.

"Impairment loss", which was included in "Other" under "Extraordinary losses" in the previous fiscal year, exceeded 10% of the total extraordinary losses and is therefore separately recorded from the current fiscal year. "Impairment loss" in the previous fiscal year was 1,274 million yen.

4. Notes to non-consolidated balance sheet

(1) All amounts of less than one million yen have been rounded down in the accounts.

(2) Accumulated depreciation for tangible fixed assets 279,499 million yen

(3) Assets pledged as collateral and obligations secured by such collateral

(Assets pledged as collateral)	
Aircraft	141,896 million yen
Investment securities in subsidiaries and affiliates	2,595 million yen
Corporate bonds of subsidiaries and affiliates	3,330 million yen
Long-term loans receivable	3,330 million yen
Other investments	16,927 million yen
(Obligations secured by such collateral)	
Current maturities of long-term debt	7,127 million yen
Long-term debt	40,853 million yen

The above assets pledged as collateral include the following assets:

1. Assets for which revolving pledge has been established to secure debts of Tokyo International Air Terminal Corporation, an affiliate, under the syndicated loan agreement concluded between Tokyo International Air Terminal Corporation and financial institutions for the business that is the objective of the company's establishment
2. Guarantee money paid to banks with which JAL does business for derivative transactions

(4) Liabilities for guarantee, etc.

Liabilities for guarantee

(Guarantee for bank loans, etc.)	
Japan Air Commuter Co., Ltd.	36 million yen
Others	72 million yen

Total	108 million yen

(5) Monetary claims and liabilities to subsidiaries and affiliates

Short-term monetary claims	68,506 million yen
Short-term monetary liabilities	167,881 million yen
Long-term monetary claims	7,222 million yen
Long-term monetary liabilities	8,478 million yen

5. Non-consolidated statement of income

(1) All amounts of less than one million yen have been rounded down in the accounts.

(2) Total transactions with subsidiaries and affiliates

Operating income	102,022 million yen
Operating expense	216,791 million yen
Amount resulting from non-business transactions	31,179 million yen

6. Notes to non-consolidated statement of changes in net assets

(1) All amounts of less than one million yen have been rounded down in the accounts.

(2) Total number of issued shares at the end of the current fiscal year

Total number of issued shares	Common stock	362,704 thousand shares
	Treasury stock	136 thousand shares

7. Tax effect accounting

Principal sources of deferred tax assets are loss brought forward, Accrued pension and severance costs, etc., while principal sources of deferred tax liabilities are Net unrealized gain on other securities, net of taxes, etc.

8. Transactions with related parties

Subsidiaries and affiliates, etc.

Attribute	Name	Percentage of voting rights holding or being held (%)	Relations		Details of transaction	Amount (millions of yen)	Item	Ending balance (millions of yen)
			Concurrently serving, etc.	Business relations				
Subsidiary	JAL Mileage Bank Co., Ltd.	Holding direct 100%	-	Consignment of settlement related operations	Collection of proceeds from sale of air tickets (Note 1)	156,454	Accounts receivable	27,405
Subsidiary	JAL INFORMATION TECHNOLOGY CO., LTD.	Holding direct 100%	Concurrently serving 1	Entrustment of system development	Development of software (Note 2)	17,124	Accounts payable - other	3,893
Subsidiary	JALPAK Co., Ltd.	Holding direct 96.4%	Concurrently serving 1	Consignment of sale of air tickets	Borrowing and lending of money (Note 3)	–	Short-term debt	24,011

Terms of transactions and method for determining them

(Notes) 1. Proceeds from sale of air tickets are collected under the service consignment contract, and commissions paid for the collection are determined through negotiations.

2. Contractual price is reasonably determined in light of the market price.

3. Since these transactions are conducted under the cash management system operated by the JAL Group, the amount of transaction is omitted. Interest rate is reasonably determined in light of the market interest rate.

9. Per share information

(1) Net assets per share 2,009.11 yen

(2) Net income per share 449.95 yen

(Note) The Company conducted a stock split of common stock at a ratio of two shares for every share on the effective date of October 1, 2014. Consequently, net income per share is calculated on the assumption that this stock split was conducted at the beginning of the current fiscal year.

10. Other notes

(Business combination)

(1) Outline of business combination

The Company conducted an absorption-type merger to integrate JAL Express Co., Ltd. (hereafter “JEX”), a wholly-owned subsidiary of the Company, with the Company on October 1, 2014, as the date of merger (effective date).

a. Names of the companies subject to business combination and details of their businesses

(i) Company to merge

Name: Japan Airlines Co., Ltd.

Businesses: Air transport services

(ii) Company to be merged

Name: JAL Express Co., Ltd.

Businesses: Air transport services

b. Legal form of business combination and the name of the company after merger

This business combination was an absorption-type merger in which the Company was the surviving company and JEX was the dissolving company. The name of the company after the merger is Japan Airlines Co., Ltd.

c. Purpose and details of transaction

(i) Purpose of merger

The JAL Group aims to stabilize the domestic business, through enhancing the mobility of making the best match between capacity and traffic, and improving inflight human service of domestic flights.

(ii) Details of transaction

Because this is a merger of Company’s wholly-owned subsidiary by the Company, there will be no consideration for the merger. Furthermore, there will be no issuance of new shares or cash payment in connection with this merger.

(2) Accounting treatment

In accordance with the Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013) and “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, September 13, 2013), this business combination will be treated as a transaction under common control.

Independent Auditor's Report

May 8, 2015

To the Board of Directors of
Japan Airlines Co., Ltd.

KPMG AZSA LLC
Hideki Yanagisawa (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant
Atsuki Kanezuka (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant
Ikuo Hiruma (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Pursuant to Article 444-4 of the Companies Act, we have audited the consolidated financial statements, which comprise the consolidated balance sheet as of March 31, 2015, and the consolidated statement of income, the consolidated statement of changes in net assets and the related notes of Japan Airlines Co., Ltd. for the 66th fiscal year from April 1, 2014 to March 31, 2015.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected and implemented depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluation of overall presentation of the consolidated financial statements, and the evaluation of accounting principles and methods used and estimates made by management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and the results of operations of Japan Airlines Co., Ltd. and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

Interest

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Independent Auditor's Report

May 8, 2015

To the Board of Directors of
Japan Airlines Co., Ltd.

KPMG AZSA LLC

Hideki Yanagisawa (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Atsuki Kanezuka (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Ikuo Hiruma (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Pursuant to Article 436 (2) (i) of the Companies Act, we have audited the non-consolidated financial statements, which comprise the non-consolidated balance sheet as of March 31, 2015, and the non-consolidated statement of income, the non-consolidated statement of changes in net assets and the related notes, and the supplementary schedules of Japan Airlines Co., Ltd. for the 66th fiscal year from April 1, 2014 to March 31, 2015.

Management's Responsibility for the Non-consolidated Financial Statements and Others

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of the non-consolidated financial statements and the supplementary schedules that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the non-consolidated financial statements and the supplementary schedules based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements and the supplementary schedules. The procedures selected and implemented depend on our judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements and the supplementary schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluation of overall presentation of the non-consolidated financial statements and the supplementary schedules, and the evaluation of accounting principles and methods used and estimates made by management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the non-consolidated financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of Japan Airlines Co., Ltd. for the period, for which the non-consolidated financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Interest

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Audit Report of the Board of Corporate Auditors

Audit Report

Based on the audit reports prepared by Audit & Supervisory Board Members with regard to the performance of duties by the Directors of Japan Airlines Co., Ltd. (the "Company") for the 66th fiscal year from April 1, 2014 to March 31, 2015, the Board of Corporate Auditors of the Company prepares this audit report after deliberation and reports as follows:

1. Auditing methods used by Corporate Auditors and the Board of Corporate Auditors, and details of audit

The Board of Corporate Auditors specified auditing policies, assigned duties to each Audit & Supervisory Board Member and, received reports from each Audit & Supervisory Board Member on the status of implementation and results of audit, as well as received reports from Directors, etc. and accounting auditors on the status and results of the execution of their duties and asked them for explanation as necessary.

Pursuant to the audit policies and audit plan, etc., all Audit & Supervisory Board Members endeavored to collect information and establish audit environment, attended Board of Directors' meetings and other important meetings, received reports from directors and employees on the status and results of the execution of duties and asked them for explanation as necessary, reviewed important approval documents, etc. and conducted investigation on the status of business operations and assets of the Company. Furthermore, Audit & Supervisory Board Members verified the contents of the resolution by the Board of Directors regarding the establishment of an internal control system as stipulated in Article 100, Paragraph (1) and Paragraph (3) of the Ordinance for Enforcement of the Companies Act for ensuring that the execution of duties by Directors conforms with laws and regulations and the Company's Articles of Incorporation and for otherwise ensuring proper business conduct by companies as well as the operational situation and the internal control system established based on said resolution. For subsidiaries, all Audit & Supervisory Board Members communicated and exchanged information with Directors, Audit & Supervisory Board Members, etc. of the subsidiaries, received business reports as necessary, and investigated the situation of business operations and assets. Business reports and supplementary statement thereto for the 66th fiscal term were examined based on the abovementioned methods.

We have also verified whether accounting auditors maintained independence and properly implemented its audit, received the accounting auditor's reports on the execution of their duties, and asked them for explanation as necessary. The accounting auditors reported to us that the systems for ensuring proper execution of duties have been developed in accordance with the "Quality Control Standards concerning Audit" (prepared by the Business Accounting Council) and other applicable regulations and we asked them for explanation as necessary.

Based on the methods mentioned above, we have reviewed the non-consolidated financial statements and their supplementary schedules, and the consolidated financial statements for the said fiscal year.

2. Audit Results

(1) Results of audit of the business reports, etc.

1) We confirm that the business reports and supplementary statement thereto present fairly the situation of the Company in accordance with relevant laws and regulations and the Company's Articles of Incorporation.

2) We found no wrongful act or material fact in violation of law or ordinance or the Company's Articles of Incorporation with respect to the execution of duties by the Directors.

3) We confirm that past resolutions of the Board of Directors on the internal control system are proper. We found no matter to be pointed out on the execution of duties by the directors with respect to the internal control system.

(2) Result of audit of non-consolidated financial statements and supplementary statement thereto

We confirm that the auditing methods used and results KPMG AZSA LLC, Accounting Auditor, are proper and correct.

(3) Result of audit of consolidated financial statements

We confirm that the auditing methods used and results of KPMG AZSA LLC, Accounting Auditor, are proper and correct.

May 11, 2015

The Board of Corporate Auditors of Japan Airlines Co., Ltd.

Full-time Audit & Supervisory Board Member Hisao Taguchi (Seal)
Full-time Audit & Supervisory Board Member Yasushi Suzuka (Seal)
Audit & Supervisory Board Member Eiji Katayama (Seal)
Audit & Supervisory Board Member Hiroyuki Kumasaka (Seal)
Audit & Supervisory Board Member Shinji Hatta (Seal)

(Note) Audit & Supervisory Board Members Eiji Katayama, Hiroyuki Kumasaka and Shinji Hatta are External Audit & Supervisory Board Members of the Company as defined in Article 16 Paragraph (2) and Article 335 Paragraph (3) of the Companies Act.